



PETRONAS Group Quarterly Report

For Fourth Quarter and
Year Ended 31 December 2023



QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

The Board of Directors of Petroliam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the results of PETRONAS Group and its reportable segments for the fourth quarter and financial year ended 31 December 2023 which should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying explanatory notes on pages 7 to 29.

GROUP PERFORMANCE REVIEW¹

Individual quarter ended			In RM Mil	Cumulative quarter ended	
31 December 2023	30 September 2023	31 December 2022 ²		31 December 2023	31 December 2022 ²
91,714	82,850	104,165	Revenue	343,597	372,274
24,708	33,337	40,571	EBITDA ³	128,590	170,746
16,594	23,937	24,421	PAT ⁴	80,714	101,618
			In RM Mil	Cumulative quarter ended	
				31 December 2023	31 December 2022
			Cash flows from operating activities	114,158	135,286
			Capital investments ⁵	52,773	50,128
			In RM Mil	As at 31 December 2023	As at 31 December 2022
			Total assets	773,301	710,570
			Shareholders' equity	443,469	401,609
			Gearing ratio ⁶	19.8%	20.3%
			ROACE ⁷	14.4%	19.9%

Fourth quarter

Comparison with corresponding quarter

PETRONAS Group's revenue of RM91.7 billion for the fourth quarter of 2023 was lower by RM12.5 billion or 12% as compared to the fourth quarter of 2022 primarily due to lower average realised prices in tandem with the declining benchmark prices partially offset by impact from foreign exchange.

The Group recorded EBITDA of RM24.7 billion, lower by RM15.9 billion or 39% in line with lower revenue, higher write-off of assets partially negated by lower product costs.

PAT of RM16.6 billion was lower by RM7.8 billion primarily due to lower EBITDA partially negated by lower taxation in line with lower profit.

¹ Comprises continuing and discontinuing operations.

² Certain prior period/year information has been restated to conform with current period/year presentation.

³ Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") consists of profit before taxation and non-controlling interests, with the addition of amounts previously deducted for depreciation, amortisation, net impairment losses on property, plant and equipment and intangible assets, provision for onerous contracts, loss/(gain) on remeasurement of net assets held for sale, loss on remeasurement/derecognition of financial assets measured at amortised cost and the exclusion of financing costs and interest income.

⁴ Profit After Tax.

⁵ Capital investments are based on cash, inclusive of costs of acquisition of subsidiaries and investments in associates and joint ventures.

⁶ Gearing ratio is calculated as adjusted total debt (total debt including financial guarantees) divided by adjusted total equity (total equity plus deferred tax liabilities and minus capitalised interest) and adjusted total debt.

⁷ Return on average capital employed ("ROACE") is calculated as profit before interest expense after tax (calculated on 12-month preceding basis) divided by average total equity and long-term debt.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

GROUP PERFORMANCE REVIEW (continued)

Fourth quarter (continued)

Comparison with preceding quarter

PETRONAS Group's revenue for the fourth quarter of 2023 was higher by RM8.9 billion or 11% as compared to the third quarter of 2023 mainly attributable to favourable sales volume and foreign exchange impact.

The Group's EBITDA was lower by RM8.6 billion or 26% primarily due to higher product costs, write-off of assets and operating expenses. This was partially negated by higher revenue.

PAT was lower by RM7.3 billion in tandem with lower EBITDA coupled with higher amortisation following additional capitalisation of assets.

Cumulative quarter

PETRONAS Group's revenue of RM343.6 billion for the financial year ended 31 December 2023 was lower by RM28.7 billion or 8% as compared to last financial year primarily due to unfavourable average realised prices. This was partially cushioned by higher sales volume mainly from petroleum products and impact from foreign exchange.

The Group recorded EBITDA of RM128.6 billion, lower by RM42.2 billion or 25% in line with lower revenue, higher write-off of assets, product costs and operating expenses.

PAT of RM80.7 billion was lower by RM20.9 billion in tandem with lower EBITDA coupled with higher amortisation following additional capitalisation of assets partially negated by lower taxation in line with lower profit. Excluding net impairment losses/write-off of assets⁸, the Group would record a PAT of RM86.5 billion, lower by RM17.6 billion as compared to RM104.1 billion last financial year.

The Group's cash flows from operating activities decreased by RM21.1 billion or 16% in line with lower cash generated from operations partially negated by higher interest income received. Capital investments amounted to RM52.8 billion was higher by RM2.6 billion or 5%, with higher domestic investments by 41%.

Total assets of the Group increased to RM773.3 billion as at 31 December 2023 against RM710.6 billion as at 31 December 2022 mainly contributed by capital investments during the financial year as well as higher cash, fund and other investments balances. Shareholders' equity of RM443.5 billion increased by RM41.9 billion mainly attributable to profit recorded and impact from foreign exchange during the financial year partially offset by dividends declared to shareholders amounting to RM40.0 billion.

Gearing ratio decreased to 19.8% as at 31 December 2023 from 20.3% as at 31 December 2022 primarily contributed by higher equity as mentioned above. ROACE of the Group decreased to 14.4% as at 31 December 2023 from 19.9% as at 31 December 2022 in line with lower profit and higher shareholders' equity recorded.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets, loss on remeasurement/derecognition of financial assets measured at amortised cost and provision for onerous contracts, net of tax.

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FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UPSTREAM PERFORMANCE REVIEW

31 December 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	30 September 2023 Restated	31 December 2022 Restated		31 December 2023	31 December 2022 Restated
			<i>In RM Mil</i>		
			Revenue		
11,130	10,933	14,292	Third party	41,577	60,458
27,100	23,794	27,246	Inter-segment	100,269	97,198
38,230	34,727	41,538		141,846	157,656
8,756	11,875	12,310	PAT	39,578	51,766
			<i>Operational Indicators</i>		
			Production ⁹ ('000 boe ¹⁰ per day)		
			Crude oil and condensates	850	859
			Natural gas	1,581	1,575
				2,431	2,434
			Entitlement ¹¹ ('000 boe per day)		
			Crude oil and condensates	519	533
			Natural gas	1,144	1,145
				1,663	1,678

Fourth quarter

Comparison with corresponding quarter

Revenue for the fourth quarter of 2023 was RM38.2 billion, lower by RM3.3 billion or 8% as compared to the fourth quarter of 2022 mainly due to lower average realised prices and lower sales volume for crude oil and condensates, partially offset by impact from foreign exchange.

PAT for the fourth quarter of 2023 was RM8.8 billion, lower by RM3.6 billion primarily due to lower revenue.

Total daily production average for the fourth quarter of 2023 was 2,550 thousand boe per day, higher by 64 thousand boe per day as compared to the corresponding quarter mainly due to higher natural gas production from Malaysia.

Cumulative quarter

Revenue for the financial year ended 31 December 2023 was RM141.8 billion, lower by RM15.8 billion or 10% as compared to last financial year mainly due to lower average realised prices and lower sales volume for crude oil and condensates, partially offset by impact from foreign exchange.

PAT was RM39.6 billion, lower by RM12.2 billion in line with lower revenue, higher amortisation following additional capitalisation of assets and higher net impairment losses/write-off of assets⁸, partially offset by lower taxation.

Total daily production average for the financial year ended 31 December 2023 was at 2,431 thousand boe per day, lower by 3 thousand boe per day as compared to last financial year mainly due to lower crude oil production from Malaysia.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets, loss on remeasurement/derecognition of financial assets measured at amortised cost and provision for onerous contracts, net of tax.

⁹ Represents Malaysia's production (PETRONAS Group and other operators) and PETRONAS Group's international equity production volume.

¹⁰ boe: barrels oil equivalent. Volume of gas has been converted using gas heating values, reflecting PETRONAS gas portfolio.

¹¹ Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume.

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FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

GAS PERFORMANCE REVIEW

31 December 2023	Individual quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Cumulative quarter ended	
	30 September 2023	31 December 2022		31 December 2023	31 December 2022
28,801	21,663	35,964	Revenue	101,463	122,749
3,265	3,015	4,469	Third party	14,029	14,871
32,066	24,678	40,433	Inter-segment	115,492	137,620
8,906	5,232	15,381	PAT	30,352	43,219
31 December 2023	Individual quarter ended		<i>Operational Indicators</i>	Cumulative quarter ended	
30 September 2023	31 December 2022	31 December 2022		31 December 2023	31 December 2022
3,131	2,782	3,057	Malaysia average sales gas volume (mmscfd ¹²)	2,878	2,938
8.95	7.47	8.90	Gross LNG sales volume ¹³ (million tonnes)	32.90	34.23

Fourth quarter

Comparison with corresponding quarter

Revenue for the fourth quarter of 2023 was RM32.1 billion, decreased by RM8.4 billion or 21% as compared to the same quarter in 2022 mainly due to lower average realised prices of liquefied natural gas ("LNG") and processed gas partially offset by higher LNG sales volume and impact from foreign exchange.

PAT was RM8.9 billion against RM15.4 billion in the same quarter of 2022 primarily driven by lower revenue partially offset by lower product costs.

Malaysia average sales gas volume increased slightly by 74 mmscfd mainly due to higher offtake from power sector in Peninsular Malaysia.

Cumulative quarter

Revenue for the financial year ended 31 December 2023 was RM115.5 billion, decreased by RM22.1 billion or 16% as compared to last financial year mainly due to lower average realised prices of LNG and processed gas coupled with lower LNG sales volume partially offset by impact from foreign exchange.

PAT was RM30.4 billion against RM43.2 billion last financial year primarily driven by lower revenue partially offset by lower taxation and product costs.

Malaysia average sales gas volume decreased marginally by 60 mmscfd mainly due to lower offtake from non-power sector in Sabah and Sarawak.

Gross LNG sales volume decreased by 1.33 million tonnes mainly due to lower plant production and lesser trading opportunities as compared to last financial year.

¹² mmscfd: million standard cubic feet per day.

¹³ Gross volume refers to all LNG sales inclusive of volume subsequently sold as sales gas.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

DOWNSTREAM PERFORMANCE REVIEW¹

Individual quarter ended			<i>Financial Indicators</i>	Cumulative quarter ended	
31 December 2023	30 September 2023	31 December 2022 ²		31 December 2023	31 December 2022 ²
			<i>In RM Mil</i>		
46,709	45,154	48,349	Revenue	179,992	171,849
1,055	631	2,992	Third party	5,422	10,415
47,764	45,785	51,341	Inter-segment	185,414	182,264
(401)	5,577	(1,840)	PAT/(LAT) ¹⁴	7,097	7,514
Individual quarter ended			<i>Operational Indicators</i>	Cumulative quarter ended	
31 December 2023	30 September 2023	31 December 2022		31 December 2023	31 December 2022
77.9	68.3	76.3	Petroleum products sales volume (in million barrels)	296.1	258.2
26.0	28.5	30.0	Crude oil sales volume (in million barrels)	106.9	114.3
2.4	2.3	2.6	Petrochemical products sales volume (in million metric tonnes)	9.4	8.3

Fourth quarter

Comparison with corresponding quarter

Revenue for the fourth quarter of 2023 was RM47.8 billion, lower by RM3.6 billion or 7% as compared to the same quarter in 2022 on the back of lower average realised prices partially offset by higher sales volume from petroleum products coupled with impact from foreign exchange.

LAT was RM0.4 billion as compared to RM1.8 billion in the fourth quarter of 2022, lower by RM1.4 billion primarily driven by lower taxation partially offset by lower refining and petrochemical margins.

Petroleum products sales volume was 77.9 million barrels, higher by 1.6 million barrels due to increased trading activities and higher marketing volume. Crude oil sales volume was 26.0 million barrels, lower by 4.0 million barrels mainly due to lower marketing volume partially offset by higher trading opportunities. Petrochemical products sales volume was 2.4 million metric tonnes, slightly lower by 0.2 million metric tonnes.

Cumulative quarter

Revenue for the financial year ended 31 December 2023 was RM185.4 billion, higher by RM3.2 billion or 2% as compared to last financial year underpinned by higher sales volume mainly from petroleum products and impact from foreign exchange partially offset by lower average realised prices.

PAT was RM7.1 billion against RM7.5 billion last financial year, lower by RM0.4 billion mainly due to lower refining and petrochemical margins partially offset by lower taxation.

Petroleum products sales volume was 296.1 million barrels, higher by 37.9 million barrels primarily driven by increased trading activities and higher marketing volume. Crude oil sales volume was 106.9 million barrels, lower by 7.4 million barrels mainly due to lower marketing volume partially offset by higher trading opportunities. Petrochemical products sales volume was 9.4 million metric tonnes, higher by 1.1 million metric tonnes in line with higher production.

¹ Comprises continuing and discontinuing operations.

² Certain prior period/year information has been restated to conform with current period/year presentation.

¹⁴ Loss After Tax.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

CORPORATE AND OTHERS PERFORMANCE REVIEW

31 December 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	30 September 2023 Restated	31 December 2022 Restated		31 December 2023	31 December 2022 Restated
			<i>In RM Mil</i>		
5,074	5,100	5,560	Revenue	20,565	17,218
1,988	1,903	1,645	Third party	7,394	5,816
7,062	7,003	7,205	Inter-segment	27,959	23,034
(811)	1,044	(3,218)	PAT/(LAT)	4,209	3,596

Fourth quarter

Comparison with corresponding quarter

Revenue for the fourth quarter of 2023 was RM7.1 billion, marginally lower by RM0.1 billion or 2% as compared to the same quarter in 2022.

LAT was RM0.8 billion against RM3.2 billion in the same quarter last financial year, mainly attributable to net impairment reversals and impact from foreign exchange partially negated by higher operating expenses.

Cumulative quarter

Revenue for the financial year ended 31 December 2023 was RM28.0 billion, higher by RM4.9 billion or 21% as compared to last financial year primarily contributed by higher fund investment income on the back of higher average rate of return in tandem with higher market rates and higher revenue from construction contracts.

PAT was RM4.2 billion as compared to RM3.6 billion last financial year primarily driven by higher revenue partially offset by higher operating expenses.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

31 December 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 September 2023	31 December 2022		31 December 2023	31 December 2022
81,397	73,057	93,003	Continuing operations		
(50,916)	(42,780)	(52,451)	Revenue	305,755	330,009
30,481	30,277	40,552	Cost of revenue	(182,465)	(175,509)
(2,983)	(2,057)	(1,958)	Gross profit	123,290	154,500
(4,403)	(3,564)	(4,104)	Selling and distribution expenses	(8,943)	(7,324)
(2,554)	207	1,068	Administration expenses	(15,245)	(13,888)
(3,967)	(134)	(2,897)	Net impairment losses/write-off ¹⁵	(6,096)	(1,749)
2,789	1,460	1,531	Other expenses	(3,359)	(3,312)
19,363	26,189	34,192	Other income	8,479	7,723
(1,181)	(1,603)	(1,014)	Operating profit	98,126	135,950
			Financing costs	(5,500)	(4,929)
			Share of profit/(loss) after tax and non-controlling interests of equity accounted associates and joint ventures		
372	186	(544)		872	957
18,554	24,772	32,634	Profit before taxation from continuing operations	93,498	131,978
(1,538)	(1,832)	(8,280)	Tax expense	(14,559)	(34,173)
17,016	22,940	24,354	Profit for the period/year from continuing operations	78,939	97,805
			Discontinuing operations¹⁶		
(422)	997	67	Profit/(Loss) for the period/year from discontinuing operations, net of tax	1,775	3,813
16,594	23,937	24,421	PROFIT FOR THE PERIOD/YEAR	80,714	101,618
			Profit attributable to:		
15,033	22,318	22,785	Shareholders of the Company	74,361	92,313
1,561	1,619	1,636	Non-controlling interests	6,353	9,305
16,594	23,937	24,421	PROFIT FOR THE PERIOD/YEAR	80,714	101,618

¹⁵ Excludes well costs and includes loss on remeasurement/derecognition of financial assets measured at amortised cost.

¹⁶ See Note A15.

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

31 December 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 September 2023	31 December 2022		31 December 2023	31 December 2022
16,594	23,937	24,421	Profit for the period/year	80,714	101,618
			Other comprehensive income/(loss)		
			<i>Items that will not be reclassified subsequently to profit or loss</i>		
			Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI")	(128)	(429)
(60)	(39)	71	<i>Items that may be reclassified subsequently to profit or loss</i>		
			Net movements from exchange differences	10,071	8,430
(4,895)	2,163	(8,935)	Cash flow hedge	(873)	2,999
11	(1,360)	1,089	Others	20	185
(116)	18	(32)	Total other comprehensive income/ (loss) for the period/year	9,090	11,185
(5,060)	782	(7,807)	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	89,804	112,803
11,534	24,719	16,614			
			Total comprehensive income attributable to:		
10,605	22,168	15,353	Shareholders of the Company	81,437	100,926
929	2,551	1,261	Non-controlling interests	8,367	11,877
11,534	24,719	16,614	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	89,804	112,803

The unaudited condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	As at 31 December 2023	As at 31 December 2022
ASSETS		
Property, plant and equipment	326,398	301,218
Investment properties and land held for development	12,275	12,658
Investments in associates and joint ventures	10,368	8,114
Intangible assets	31,902	26,260
Long-term receivables	47,939	41,127
Fund and other investments	10,778	1,425
Deferred tax assets	27,853	20,675
TOTAL NON-CURRENT ASSETS	467,513	411,477
Trade and other inventories	14,307	15,612
Trade and other receivables	57,028	53,998
Fund and other investments	11,620	10,945
Cash and cash equivalents	208,492	201,220
	291,447	281,775
Assets classified as held for sale	14,341	17,318
TOTAL CURRENT ASSETS	305,788	299,093
TOTAL ASSETS	773,301	710,570
EQUITY		
Share capital	100	100
Reserves	443,369	401,509
Total equity attributable to shareholders of the Company	443,469	401,609
Non-controlling interests	59,396	58,822
TOTAL EQUITY	502,865	460,431
LIABILITIES		
Borrowings	98,754	96,345
Deferred tax liabilities	13,297	11,829
Other long-term liabilities and provisions	64,434	50,418
TOTAL NON-CURRENT LIABILITIES	176,485	158,592
Trade and other payables	68,076	63,677
Borrowings	12,867	7,812
Taxation	3,931	8,438
	84,874	79,927
Liabilities classified as held for sale	9,077	11,620
TOTAL CURRENT LIABILITIES	93,951	91,547
TOTAL LIABILITIES	270,436	250,139
TOTAL EQUITY AND LIABILITIES	773,301	710,570

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>				
	Share Capital	<i>Non-distributable</i>			Hedging Reserve
Capital and Other Reserves		Foreign Currency Translation Reserve	Fair Value through OCI Reserve		
<i>In RM Mil</i>					
Cumulative quarter ended 31 December 2023					
Balance at 1 January 2023	100	15,987	39,771	145	863
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(128)	—
Net movements from exchange differences	—	—	8,070	—	—
Cash flow hedge ¹⁷	—	—	—	—	(756)
Others	—	(110)	—	—	—
Total other comprehensive income/(loss) for the year, net of tax	—	(110)	8,070	(128)	(756)
Profit for the year	—	—	—	—	—
Total comprehensive income/(loss) for the year	—	(110)	8,070	(128)	(756)
Changes in ownership interests in subsidiaries	—	(59)	120	—	—
Redemption of redeemable preference shares in subsidiaries	—	342	—	—	—
Dividends to shareholders of the Company	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—
Total transactions with shareholders	—	283	120	—	—
Balance at 31 December 2023	100	16,160	47,961	17	107
<i>continue to next page</i>					
Cumulative quarter ended 31 December 2022					
Balance at 1 January 2022	100	15,838	33,370	574	(1,608)
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(429)	—
Net movements from exchange differences	—	—	6,422	—	—
Cash flow hedge ¹⁷	—	—	—	—	2,471
Others	—	149	—	—	—
Total other comprehensive income/(loss) for the year, net of tax	—	149	6,422	(429)	2,471
Profit for the year	—	—	—	—	—
Total comprehensive income/(loss) for the year	—	149	6,422	(429)	2,471
Changes in ownership interests in subsidiaries	—	—	(21)	—	—
Redemption of redeemable preference shares in a subsidiary	—	—	—	—	—
Dividends to shareholders of the Company	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—
Total transactions with shareholders	—	—	(21)	—	—
Balance at 31 December 2022	100	15,987	39,771	145	863
<i>continue to next page</i>					

¹⁷ Includes reduction of RM319 million (31 December 2022: addition of RM324 million) to the cost of hedging reserve during the financial year.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company			Non- Controlling Interests	Total Equity
	Distributable				
<i>In RM Mil</i>	General Reserve	Retained Profits	Total		
Cumulative quarter ended 31 December 2023					
Balance at 1 January 2023	12,000	332,743	401,609	58,822	460,431
Net changes in fair value of equity investments at fair value through OCI	—	—	(128)	—	(128)
Net movements from exchange differences	—	—	8,070	2,001	10,071
Cash flow hedge ¹⁷	—	—	(756)	(117)	(873)
Others	—	—	(110)	130	20
Total other comprehensive income/(loss) for the year, net of tax	—	—	7,076	2,014	9,090
Profit for the year	—	74,361	74,361	6,353	80,714
Total comprehensive income/(loss) for the year	—	74,361	81,437	8,367	89,804
Changes in ownership interests in subsidiaries	—	362	423	129	552
Redemption of redeemable preference shares in subsidiaries	—	(342)	—	(660)	(660)
Dividends to shareholders of the Company	—	(40,000)	(40,000)	—	(40,000)
Dividends to non-controlling interests	—	—	—	(7,262)	(7,262)
Total transactions with shareholders	—	(39,980)	(39,577)	(7,793)	(47,370)
Balance at 31 December 2023	12,000	367,124	443,469	59,396	502,865
					<i>continued from previous page</i>
Cumulative quarter ended 31 December 2022					
Balance at 1 January 2022	12,000	290,529	350,803	53,484	404,287
Net changes in fair value of equity investments at fair value through OCI	—	—	(429)	—	(429)
Net movements from exchange differences	—	—	6,422	2,008	8,430
Cash flow hedge ¹⁷	—	—	2,471	528	2,999
Others	—	—	149	36	185
Total other comprehensive income/(loss) for the year, net of tax	—	—	8,613	2,572	11,185
Profit for the year	—	92,313	92,313	9,305	101,618
Total comprehensive income/(loss) for the year	—	92,313	100,926	11,877	112,803
Changes in ownership interests in subsidiaries	—	(99)	(120)	355	235
Redemption of redeemable preference shares in a subsidiary	—	—	—	(855)	(855)
Dividends to shareholders of the Company	—	(50,000)	(50,000)	—	(50,000)
Dividends to non-controlling interests	—	—	—	(6,039)	(6,039)
Total transactions with shareholders	—	(50,099)	(50,120)	(6,539)	(56,659)
Balance at 31 December 2022	12,000	332,743	401,609	58,822	460,431
					<i>continued from previous page</i>

¹⁷ Includes reduction of RM319 million (31 December 2022: addition of RM324 million) to the cost of hedging reserve during the financial year.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	31 December 2023	31 December 2022
Cash flows from operating activities		
Profit before taxation from:		
- continuing operations	93,498	131,978
- discontinuing operations	2,086	3,978
Profit before taxation	95,584	135,956
Adjustments for:		
Change in contract liabilities	(299)	(9)
Change in provisions	(1,169)	(1,006)
Depreciation and amortisation	37,787	33,945
Financing costs	5,833	5,226
Interest income	(11,563)	(5,677)
Loss on remeasurement/derecognition of financial assets measured at amortised cost	874	939
Loss on remeasurement of net assets classified as held for sale	537	1,304
Net impairment losses/(reversals) of:		
- other intangible assets	50	1,348
- loans and advances to joint ventures	(11)	141
- other investments	1	—
- property, plant and equipment and investment properties	525	(815)
- trade and other receivables	1,183	(230)
Net impairment/write-off of well costs	1,439	1,363
Net inventories written down to net realisable value/written off	78	233
Net (gain)/loss on disposals of investments in subsidiaries, associates, property, plant and equipment, intangible assets, other investments and a business	(1,697)	610
Net unrealised gain on derivatives	(31)	(33)
Net unrealised loss on foreign exchange	1,563	5,277
Net write-off of:		
- bad debts	169	42
- property, plant and equipment	3,386	372
- other assets	9	—
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(872)	(968)
Other non-cash items	(2)	80
Operating profit before changes in working capital	133,374	178,098
Net changes in working capital	1,321	(13,994)
Cash generated from operations	134,695	164,104
Interest income received	11,563	5,677
Interest expenses paid	(3,382)	(3,024)
Taxation paid, net of refund	(28,718)	(31,471)
Net cash generated from operating activities	114,158	135,286

continue to next page

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	Cumulative quarter ended	
	31 December 2023	31 December 2022
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(1,380)	(11,107)
Dividends received	680	850
Investments in:		
- associates and joint ventures	(2,905)	(710)
- securities and other investments	(13,958)	(3,681)
Long-term receivables to joint arrangements	(137)	—
Proceeds from disposal/partial disposal of:		
- investments in subsidiaries and a business, net of cash disposed	593	257
- investments in associates	—	829
- property, plant and equipment and intangible assets	1,117	8,480
- securities and other investments	5,093	3,494
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(48,399)	(37,843)
Net cash used in investing activities	(59,296)	(39,431)
Cash flows from financing activities		
Dividends paid	(40,000)	(50,000)
Dividends paid to non-controlling interests	(7,262)	(6,039)
Drawdown of borrowings	16,570	25,733
Payment of lease liabilities	(5,714)	(4,024)
Repayment of borrowings	(15,441)	(34,934)
Payment to non-controlling interests on redemption of redeemable preference shares	(660)	(855)
Payment to non-controlling interests on additional equity interests	(591)	—
Proceeds from partial disposal of equity interest to non-controlling interests	—	235
Net cash used in financing activities	(53,098)	(69,884)
Net increase in cash and cash equivalents	1,764	25,971
(Increase)/Decrease in cash and cash equivalents restricted	(474)	341
Net foreign exchange differences	5,957	10,514
Cash and cash equivalents at beginning of the year	200,384	163,558
Cash and cash equivalents at end of the year	207,631	200,384
Cash and cash equivalents		
Cash and cash equivalents	208,492	201,220
Classified as held for sale:		
- Cash and bank balances	1,167	1,173
- Bank overdrafts	(515)	(970)
	209,144	201,423
Less: Cash and cash equivalents restricted	(1,513)	(1,039)
	207,631	200,384

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During the financial year, RM25 billion has been allocated for the purpose of PETRONAS' decarbonisation and clean energy pursuits.

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. They should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2022.

The explanatory notes attached to these condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

Within the context of these condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and joint operations, as well as the Group's interests in joint ventures and associates as at and for the financial year ended 31 December 2023.

A2. MATERIAL ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the financial year ended 31 December 2023 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the financial year ended 31 December 2022 except as disclosed below.

During the financial year, the Group has adopted the following new MFRS and Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)*

Amendments to MFRS 101 *Presentation of Financial Statements (Disclosure of Accounting Policies)*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*

Amendments to MFRS 112 *Income Taxes (Deferred Tax related to Assets and Liabilities Arising from a Single Transaction)*

Amendments to MFRS 112 *Income Taxes (International Tax Reform - Pillar Two Model Rules)*

The initial application of the above pronouncements do not have any material impact to the financial statements of the Group.

MFRS 17 Insurance Contracts

During the financial year, the Group adopted MFRS 17 *Insurance Contracts* which is effective from annual period beginning on or after 1 January 2023. Insurance contracts are contracts under which the Group accepts significant insurance risk by agreeing to compensate a third party if a specified uncertain future event adversely affects the guaranteed party. The Group assesses whether a contract transfers significant insurance risks to the Group and recognises the exposure if any as provision in the statement of financial position.

Amendments to MFRS 112 Income Taxes (International Tax Reform - Pillar Two Model Rules)

On 2 June 2023, the MASB has also issued the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*. This pronouncement is effective from annual period beginning on or after 1 January 2023. On 29 December 2023, Pillar Two legislation has been enacted in Malaysia, which will come into effect on 1 January 2025. Certain subsidiaries within the Group also operate within jurisdictions in which the legislation has been enacted or substantively enacted as at 31 December 2023. As allowed by the transitional provision, the Group is not required to provide any disclosure in relation to this pronouncement for interim period ended 31 December 2023.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the financial year ended 31 December 2022 were not subjected to any audit qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's operations, on overall, are not significantly affected by seasonal or cyclical fluctuations of the business/industry.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the financial year under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the financial year ended 31 December 2022 that may have material effect in the results of the financial year under review.

A7. DEBT AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial year under review, other than as disclosed in Note B7.

A8. DIVIDENDS PAID

During the financial year, the amount of dividends paid by the Company were as follows:

- i. a dividend of RM350,000 per ordinary share amounting to RM35 billion declared to shareholders on 23 February 2023 and paid in instalments between March and November 2023; and
- ii. a dividend of RM50,000 per ordinary share amounting to RM5 billion declared to shareholders on 22 June 2023 and paid in instalments between August and December 2023.

A9. SIGNIFICANT EVENT

There were no material significant events during the financial year under review.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment and investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A11. COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of the reporting year not provided for in the financial statements are:

<i>In RM Mil</i>	As at 31 December 2023	As at 31 December 2022
Capital expenditure		
<i>Approved and contracted for</i>	67,091	55,170
<i>Approved but not contracted for</i>	106,855	101,839
	173,946	157,009
Share of capital expenditure of joint ventures		
<i>Approved and contracted for</i>	4,487	5,295
<i>Approved but not contracted for</i>	20,752	9,263
	25,239	14,558
	199,185	171,567

A12. CONTINGENCIES AND INSURANCE CONTRACTS

Contingencies

There were no material contingent liabilities or contingent assets since the last audited consolidated financial statements for the financial year ended 31 December 2022.

Exposure to insurance contracts

The Group had entered into agreements which may include agreements where the Group accepts insurance risks by agreeing to compensate third party if a specified uncertain future event adversely affect the guaranteed entities in the normal and on-going business requirements, consistent with generally acceptable and recognised industry practices. The exposure of the Group is therefore triggered upon the default by the guaranteed entities' obligation under the contracts. As at 31 December 2023, there were no exposures on the default of the guaranteed entities' obligations under the contracts.

A13. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the financial year under review.

A14. FAIR VALUE INFORMATION

The following table analyses financial instruments carried at fair value by valuation method. The different levels in a fair value hierarchy based on the input used in the valuation technique have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial year and comparative financial year.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A14. FAIR VALUE INFORMATION (continued)

31 December 2023

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	2,181	—	—	2,181
Quoted securities	—	527	—	527
Unquoted shares	—	—	1,783	1,783
Malaysian Government Securities	—	2,085	—	2,085
Corporate Bonds and Sukuk	—	6,899	—	6,899
Forward foreign exchange and other contracts	—	275	—	275
Commodity derivatives	317	947	—	1,264
Interest rate swaps	—	717	—	717
	2,498	11,450	1,783	15,731
Financial liabilities				
Forward foreign exchange contracts	—	(164)	—	(164)
Commodity derivatives	(79)	(115)	—	(194)
Interest rate swaps	—	(7)	—	(7)
	(79)	(286)	—	(365)

31 December 2022

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	1,453	—	—	1,453
Unquoted shares	—	—	1,241	1,241
Malaysian Government Securities	—	1,814	—	1,814
Corporate Bonds and Sukuk	—	7,862	—	7,862
Forward foreign exchange contracts	—	406	—	406
Commodity derivatives	1,213	1,385	—	2,598
Interest rate swaps	—	917	—	917
	2,666	12,384	1,241	16,291
Financial liabilities				
Forward foreign exchange contracts	—	(184)	—	(184)
Commodity derivatives	(396)	(28)	—	(424)
Interest rate swaps	—	(7)	—	(7)
	(396)	(219)	—	(615)

Derivative financial instruments

As disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2022, the Group is exposed to various risks which may affect the value of the Group's assets, liabilities or expected future cash flows. To mitigate these exposures from a business perspective, the Group enters into various hedging activities and applies hedge accounting on the fair value movement of certain commodity derivatives and interest rate swaps to hedge its exposures. Methods and assumptions used to estimate the fair values as at 31 December 2023 are consistent with those used as at 31 December 2022.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A15. DISCONTINUING OPERATIONS

On 7 February 2023, PETRONAS via its wholly-owned subsidiary, PETRONAS Marketing International Sdn. Bhd. (“PMISB”), signed a Sale and Purchase Agreement with Vitol Emerald Bidco (Pty) Ltd and Vitol Africa B.V. for the sale of PMISB’s entire 74% equity interests in its subsidiary, namely Engen Limited and its subsidiaries (“Engen Group”). The divestment is expected to be completed in 2024 upon fulfilment of customary conditions precedent including regulatory approvals.

The business of Engen Group represents the major composition of the Group’s geographical segment for Africa and has been classified as disposal group held for sale and discontinuing operations since 31 December 2022.

The results of Engen Group for the financial year are presented below:

Individual quarter ended			In RM Mil	Cumulative quarter ended	
31 December 2023	30 September 2023	31 December 2022		31 December 2023	31 December 2022
10,317	9,793	11,162	Revenue	37,842	42,265
(9,857)	(8,118)	(10,642)	Cost of revenue	(33,665)	(36,374)
460	1,675	520	Gross profit	4,177	5,891
(233)	(207)	(266)	Selling and distribution expenses	(828)	(989)
(230)	(169)	(320)	Administration expenses	(775)	(993)
(84)	(3)	(42)	Net impairment losses ¹⁸	(88)	(45)
(538)	(24)	(33)	Other expenses	(729)	(433)
175	144	174	Other income	662	833
(450)	1,416	33	Operating profit/(loss)	2,419	4,264
(104)	(75)	(89)	Financing costs	(333)	(297)
—	—	2	Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	—	11
(554)	1,341	(54)	Profit/(Loss) before tax from discontinuing operations	2,086	3,978
132	(344)	121	Tax (expense)/credit	(311)	(165)
(422)	997	67	Profit/(Loss) for the period/year from discontinuing operations	1,775	3,813

¹⁸ Includes certain amount relating to write-off of assets.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A15. DISCONTINUING OPERATIONS (continued)

31 December 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 September 2023	31 December 2022		31 December 2023	31 December 2022
(422)	997	67	Profit/(Loss) for the period/ year from discontinuing operations	1,775	3,813
			Other comprehensive income/ (loss)		
5	—	(4)	Net changes in fair value of equity investments at fair value through OCI	7	(4)
(12)	(107)	19	Net movements from exchange differences	(154)	2
(429)	890	82	Other comprehensive income/ (loss) from discontinuing operations	1,628	3,811

The net cash flows incurred by Engen Group are as follows:

In RM Mil	Cumulative quarter ended	
	31 December 2023	31 December 2022
Net cash generated from operating activities	4,324	612
Net cash used in investing activities	(458)	(381)
Net cash generated from financing activities	214	135
Net increase in cash and cash equivalents	4,080	366

The net effect arising from the disposal of Engen Group is not expected to be material in relation to the consolidated net profit of the Group for the financial year.

A16. OPERATING SEGMENTS

The Group's reportable segments comprise Upstream, Gas and Downstream. Each reportable segment offers different products and services and are managed separately as described in the Group's audited consolidated financial statements for the financial year ended 31 December 2022. Effective third quarter of 2023, there has been a change in the way certain activities are being managed. Accordingly, the Group has restated the operating segment information for the prior periods and financial year.

For each of the reportable segment, the Group chief operating decision maker, which in this case is the PETRONAS Executive Leadership Team ("ELT"), reviews internal management reports at least on a quarterly basis.

Performance is measured based on segment PAT, as included in the internal management reports. Segment PAT is used to measure performance as the PETRONAS ELT believes that such information is the most relevant in evaluating the results of the segments.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A16. OPERATING SEGMENTS (continued)

A16.1 Segment revenue

31 December 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 September 2023 Restated	31 December 2022 Restated		31 December 2023	31 December 2022 Restated
			Third-parties		
11,130	10,933	14,292	Upstream	41,577	60,458
28,801	21,663	35,964	Gas	101,463	122,749
46,709	45,154	48,349	Downstream	179,992	171,849
5,074	5,100	5,560	Corporate and Others	20,565	17,218
91,714	82,850	104,165	Total third-parties	343,597	372,274
			Inter-segment		
27,100	23,794	27,246	Upstream	100,269	97,198
3,265	3,015	4,469	Gas	14,029	14,871
1,055	631	2,992	Downstream	5,422	10,415
1,988	1,903	1,645	Corporate and Others	7,394	5,816
33,408	29,343	36,352	Total inter-segment	127,114	128,300
			Gross total		
38,230	34,727	41,538	Upstream	141,846	157,656
32,066	24,678	40,433	Gas	115,492	137,620
47,764	45,785	51,341	Downstream ¹	185,414	182,264
7,062	7,003	7,205	Corporate and Others	27,959	23,034
125,122	112,193	140,517	Total	470,711	500,574

A16.2 Segment PAT

31 December 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 September 2023 Restated	31 December 2022 Restated		31 December 2023	31 December 2022 Restated
8,756	11,875	12,310	Upstream	39,578	51,766
8,906	5,232	15,381	Gas	30,352	43,219
(401)	5,577	(1,840)	Downstream ¹	7,097	7,514
(811)	1,044	(3,218)	Corporate and Others	4,209	3,596
16,450	23,728	22,633	Total PAT for reportable segments	81,236	106,095
144	209	1,788	Elimination of inter-segment transactions	(522)	(4,477)
16,594	23,937	24,421	Consolidated PAT	80,714	101,618

¹ Comprises continuing and discontinuing operations.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A17. REVENUE

The following table includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

31 December 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 September 2023 Restated	31 December 2022 Restated		31 December 2023	31 December 2022 Restated
			Revenue from contract customers		
10,295	10,128	13,229	Upstream	38,618	55,993
27,616	21,234	33,746	Gas	99,520	120,993
46,382	44,839	48,110	Downstream	178,853	171,019
2,176	1,739	3,020	Corporate and Others	7,532	9,230
86,469	77,940	98,105	Total revenue from contract customers	324,523	357,235
			Other revenue		
835	805	1,063	Upstream	2,959	4,465
1,185	429	2,218	Gas ¹⁹	1,943	1,756
327	315	239	Downstream ¹⁹	1,139	830
2,898	3,361	2,540	Corporate and Others	13,033	7,988
5,245	4,910	6,060	Total other revenue	19,074	15,039
			Total		
11,130	10,933	14,292	Upstream	41,577	60,458
28,801	21,663	35,964	Gas	101,463	122,749
46,709	45,154	48,349	Downstream ¹	179,992	171,849
5,074	5,100	5,560	Corporate and Others	20,565	17,218
91,714	82,850	104,165	Total	343,597	372,274

¹ Comprises continuing and discontinuing operations.

¹⁹ Inclusive of net trading gain/(losses).

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES

B1. COMMENTARY ON PROSPECTS

The global economy enters 2024 on a weak footing following softer than expected economic performance towards the end of 2023, leading to cautious spending and investments by businesses and consumers. Amid these macroeconomic headwinds, the oil and gas markets face uncertainties due to slower global demand, while supply risks are heightened following increased geopolitical tension in Middle East and Europe. At the same time, the energy industry is experiencing a shift towards cleaner solutions.

Notwithstanding these challenges, PETRONAS remains steadfast in upholding capital discipline by striking the right balance between strengthening our Core Business²⁰ and capturing opportunities in New Business²¹, including clean energy solutions, while responsibly managing carbon emissions in line with our Energy Transition Strategy.

As a National Oil Company of Malaysia, PETRONAS is focused on expediting monetisation of resources for energy security responsibly whilst advancing the development of its maiden carbon capture and storage (“CCS”) project in Kasawari. Additionally, PETRONAS continues to progress towards commissioning its LNG plant in Canada and intensifying value accretive renewables and hydrogen projects.

B2. PROFIT FORECAST OR PROFIT GUARANTEE

The Group does not publish any profit forecast or profit guarantee.

B3. STATUS OF CORPORATE PROPOSALS

There were no other material corporate proposals announced but not completed since the last audited consolidated financial statements for the financial year ended 31 December 2022, other than as disclosed in Note A15.

B4. TAXATION

Individual quarter ended			<i>In RM Mil</i>	Cumulative quarter ended	
31 December 2023	30 September 2023	31 December 2022		31 December 2023	31 December 2022
1,538	1,832	8,280	Tax expense from continuing operations	14,559	34,173
(132)	344	(121)	Tax expense/(credit) from discontinuing operations	311	165
1,406	2,176	8,159	Total tax expenses	14,870	34,338
<i>Components of tax expenses include:</i>					
Current tax expenses					
3,574	3,574	5,284	Malaysia	17,763	29,033
740	694	1,646	Overseas	2,820	4,150
4,314	4,268	6,930		20,583	33,183
Deferred tax expenses/(income)					
(2,908)	(2,092)	1,229	Origination and reversal of temporary differences	(5,713)	1,155
1,406	2,176	8,159		14,870	34,338

²⁰ Core Business is divided into four main focus areas - Upstream Malaysia, Upstream International, LNG and Downstream.

²¹ New Business encompass Specialty Chemicals, Carbon Capture & Storage, Bio-Based Value Chain, Renewable Energy, Hydrogen, Green Mobility, Non-Fuel Retail, Advanced Materials and Circular Economy.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B4. TAXATION (continued)

The Group's effective tax rate for the current quarter and financial year were 8% and 16% respectively, lower as compared to corresponding periods and financial year mainly due to finalisation of tax adjustments in relation to prior financial years. Excluding this impact, the effective tax rates for the current quarter and financial year were 20% and 19% respectively, which are reflective of the various tax legislations within which the Group operates, including among others Petroleum (Income Tax) Act 1967 ("PITA"), Malaysia Income Tax Act 1967, Global Incentive for Trading ("GIFT") under Labuan Financial Services and Securities Act 2010, Labuan Business Activity Tax 1990 ("LBATA") and international tax legislations.

B5. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 31 December 2023	As at 31 December 2022
By Currency		
RM	55.6	55.4
USD	42.8	42.8
Others	1.6	1.8
	100.0	100.0
By Maturity²²		
< 1 year	91.8	95.2
1 to 5 years	1.9	1.8
5 to 10 years	6.3	3.0
	100.0	100.0
By Type		
Money market	90.3	94.2
Corporate bonds	4.6	3.7
Malaysian Government Securities	3.4	0.8
Equities	1.7	1.3
	100.0	100.0

There were no material purchase and sale of quoted securities during the financial year under review, other than as disclosed in Note A14.

²² Refers to instrument maturity dates; excludes equities.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B6. TRADE RECEIVABLES

The breakdown of trade receivables as at 31 December 2023 are as follows:

<i>In RM Mil</i>	As at 31 December 2023	As at 31 December 2022
Trade receivables		
Third party	30,802	33,304
Amount due from associates and joint arrangements	12,150	8,413
Contract assets	9,166	6,859
	<u>52,118</u>	<u>48,576</u>
Less: Impairment losses	(2,007)	(1,805)
	<u>50,111</u>	<u>46,771</u>

The ageing of trade receivables net of impairment amount as at the reporting date are as follows:

<i>In RM Mil</i>	As at 31 December 2023	As at 31 December 2022
At net		
Not past due	45,679	43,590
Past due 1 to 30 days	507	226
Past due 31 to 60 days	263	228
Past due 61 to 90 days	251	34
Past due more than 90 days	3,411	2,693
	<u>50,111</u>	<u>46,771</u>

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is equal to the carrying amount.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B7. BORROWINGS

The details of the Group borrowings as at 31 December 2023 are as follows:

<i>In RM Mil</i>	As at 31 December 2023	As at 31 December 2022
Non-Current		
Term loans	17,935	15,759
Lease liabilities	13,596	13,291
Notes and Bonds	64,539	61,917
Islamic financing facilities	2,684	5,378
Total non-current borrowings	98,754	96,345
Current		
Term loans	4,239	4,789
Lease liabilities	3,445	1,782
Islamic financing facilities	3,025	794
Revolving credits	1,882	154
Bankers' acceptances	276	293
Total current borrowings	12,867	7,812
Total borrowings	111,621	104,157

<i>In RM Mil</i>	As at 31 December 2023	%	As at 31 December 2022	%
By Currency				
USD	91,667	82.1	87,975	84.5
RM	12,836	11.5	11,461	11.0
EUR	2,256	2.0	2,279	2.2
AUD	980	0.9	—	—
CAD	365	0.3	385	0.3
INR	3,289	2.9	1,803	1.7
GBP	10	—	16	0.1
Others	218	0.3	238	0.2
	111,621	100.0	104,157	100.0

By Repayment Schedule				
< 1 year	12,867	11.5	7,812	7.5
1 to 5 years	35,986	32.2	33,395	32.1
5 to 10 years	24,390	21.9	25,122	24.1
> 10 years	38,378	34.4	37,828	36.3
	111,621	100.0	104,157	100.0

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B7. BORROWINGS (continued)

Term loans

Included in the Group's term-loans is 50% share of a secured project financing of a joint operation entity amounting to USD372 million (2022: USD396 million), which is undertaken with a joint venture entity, under an integrated borrowing structure for contractual obligations for project completion and delivery and for the repayment of bridge loan facilities and other expenditures.

As per the integrated borrowing structure, PETRONAS has provided a project completion guarantee to the lenders, via a Debt Service Undertaking ("DSU") for a Guaranteed Project Completion Date ("Guarantee PCD") on 31 December 2023. The DSU further defines that the lenders have the right to request for full repayment of outstanding amount if the project completion delay beyond the Guaranteed PCD.

In relation to the completion guarantee given, as at 31 December 2023, the Guaranteed PCD has been extended from 31 December 2023 to 31 March 2024. Subject to lenders agreement, the Guaranteed PCD is expected to be extended up to 31 December 2025.

Islamic financing facilities

On 29 March 2023, PETRONAS via its partly-owned subsidiary, PETRONAS Dagangan Berhad ("PDB") has announced the establishment of Islamic Commercial Papers Programme and Islamic Medium Term Notes ("IMTN") Programme with a combined aggregate limit of up to RM10.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar (collectively, the "Sukuk Wakalah Programmes"). The proceeds will be used to finance PDB and/or its subsidiaries' Shariah-compliant general corporate purposes, which include investments, capital expenditure, working capital requirements and/or refinancing of existing or future financing. As at reporting date, PDB has issued RM2.0 million for the Sukuk Wakalah Programmes on 31 July 2023 and subsequently redeemed RM1.0 million on 25 August 2023. The remaining of IMTN will be fully redeemed on 31 July 2024.

B8. MATERIAL LITIGATION

There were no material litigation since the last audited consolidated financial statements for the financial year ended 31 December 2022.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

There were no material changes to the Group's derivative financial instruments since the last audited consolidated financial statements for the financial year ended 31 December 2022, other than as disclosed in Note A14.

B10. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the financial year under review.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B11. PROFIT FOR THE PERIOD/YEAR

Individual quarter ended			In RM Mil	Cumulative quarter ended	
31 December 2023	30 September 2023	31 December 2022		31 December 2023	31 December 2022
Included in profit for the period/ year are the following charges:					
10,723	8,875	9,574	Depreciation and amortisation	37,787	33,945
874	–	939	Loss on remeasurement/ derecognition of financial assets measured at amortised cost	874	939
537	–	82	Loss on remeasurement of net assets classified as held for sale	537	1,304
Net impairment losses of:					
–	–	1,329	- intangible assets	50	1,348
87	–	15	- investment properties	87	15
–	6	96	- loan and advances to joint ventures	–	141
–	–	–	- other investments	1	–
–	–	–	- property, plant and equipment	438	–
1,371	–	–	- trade and other receivables	1,183	–
1,301	27	847	Net impairment/write-off of well costs	1,439	1,363
200	–	29	Net inventories written down to net realisable value/written off	78	233
Net loss on:					
1,022	521	404	- derivatives	1,293	3,454
873	–	1,724	- foreign exchange	–	–
Net loss on disposals of:					
76	–	33	- other investments	76	5
92	–	4	- property, plant and equipment	–	515
–	–	–	Net loss on realisation of foreign currency translation reserve from disposals	–	329
Net write-off of:					
132	22	39	- bad debts	169	42
3,264	116	35	- property, plant and equipment	3,386	372
7	–	–	- other assets	9	–

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B11. PROFIT FOR THE PERIOD/YEAR (continued)

31 December 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 September 2023	31 December 2022		31 December 2023	31 December 2022
			and credits:		
9	21	17	Dividend income	67	201
3,101	3,001	2,156	Interest income	11,563	5,677
67	78	45	Net change in contract liabilities	299	9
—	12	—	Net gain on foreign exchange	445	954
			Net gain on disposals/partial disposals of:		
—	—	—	- investment in a business	—	88
—	—	—	- investments in subsidiaries	24	136
—	7	—	- property, plant and equipment	1,298	—
6	—	—	- other assets	6	15
—	—	—	Net gain on realisation of foreign currency translation reserve from disposals	445	—
			Net impairment reversals of:		
7	—	—	- intangible assets	—	—
82	—	—	- loan and advances to joint ventures	11	—
3,010	104	1,948	- property, plant and equipment	—	830
—	195	1,530	- trade and other receivables	—	230
—	3	—	Net reversal of inventories written down to net realisable value	—	—

Foreign exchange exposure/hedging policy

The Group is exposed to varying levels of foreign exchange risk when it enters into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date. The main underlying economic currencies of the Group's cash flows are Ringgit Malaysia and US Dollars.

The Group's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements. The Group coordinates the handling of foreign exchange risks centrally typically by matching receipts and payments for the same currency. For major capital projects, the Group performs assessment of potential foreign exchange risk exposure at the investment decision phase to determine the appropriate foreign exchange risk management strategy. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter into derivative financial instruments to hedge and minimise its exposures to the foreign currency movements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B12. DIVIDENDS

The Directors had on 14 March 2024 declared a dividend of RM320,000 per ordinary share amounting to RM32 billion. The dividend will be recognised and accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

B13. EXCHANGE RATES

US Dollar/RM	Individual quarter ended			Cumulative quarter ended		
	31 December 2023	30 September 2023	31 December 2022	31 December 2023	30 September 2023	31 December 2022
Average rate	4.6976	4.6277	4.5756	4.5602	4.5144	4.4001
Closing rate	4.5995	4.6950	4.4150	4.5995	4.6950	4.4150

By order of the Board

Azizi Md Ali (LS0008803)
Company Secretary
Kuala Lumpur
14/3/2024