

7-Eleven Malaysia Holdings Berhad

[Registration No: 201301028701 (1058531-W)]

Date : 28 Feb 2023

**Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2022**

<u>Table of contents</u>	Page
Condensed Consolidated Statements of Comprehensive Income	1
Condensed Consolidated Statements of Financial Position	2
Condensed Consolidated Statements of Changes in Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to the Interim Financial Report	5 - 9
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities LR')	10 - 14

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	992,425	795,064	3,764,280	2,808,500
Cost of sales	(718,907)	(570,641)	(2,710,069)	(2,049,503)
Gross profit	273,518	224,423	1,054,211	758,997
Other operating income	64,026	50,229	194,918	172,830
Selling and distribution expenses	(219,369)	(164,246)	(814,969)	(621,850)
Administrative and other operating expenses	(82,978)	(45,649)	(220,586)	(156,090)
Profit from operations	35,197	64,757	213,574	153,887
Finance costs	(17,617)	(15,900)	(65,705)	(61,458)
Share of results of joint ventures	(3,349)	-	(3,349)	-
Profit before tax	14,231	48,857	144,520	92,429
Income tax expense	(5,700)	(16,064)	(57,846)	(33,589)
Profit after tax	8,531	32,793	86,674	58,840
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land and buildings	1,934	1,372	1,934	1,372
Deferred taxation	(228)	(133)	(228)	(133)
Net changes in fair value reserve of investments classified as fair value through other comprehensive income ("FVTOCI")	37,338	-	37,338	-
Total other comprehensive income (net of taxation):	39,044	1,239	39,044	1,239
Total comprehensive income for the financial year	47,575	34,032	125,718	60,079
Profit after tax attributable to:				
Equity holders of the Company	2,650	29,443	68,634	44,348
Non-controlling interest	5,881	3,350	18,040	14,492
	8,531	32,793	86,674	58,840
Total comprehensive income for the financial year				
Equity holders of the Company	41,388	30,682	107,372	45,587
Non-controlling interest	6,187	3,350	18,346	14,492
	47,575	34,032	125,718	60,079
Basic/diluted earnings per ordinary share (sen) (Note B11)	0.24	2.61	6.11	3.93

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	361,984	321,045
Investment properties	21,321	21,029
Right of use assets	683,313	652,534
Intangible assets	473,398	478,949
Investment in joint ventures	9,665	-
Other investments	135,108	72,801
Sundry receivables	23,598	24,666
Deferred tax assets	8,244	2,092
	<u>1,716,631</u>	<u>1,573,116</u>
Current assets		
Inventories	453,054	384,061
Sundry receivables	101,630	101,561
Tax recoverable	8,167	3,726
Other investment	69,998	41,527
Cash and bank balances	300,952	158,748
	<u>933,801</u>	<u>689,623</u>
Total assets	<u>2,650,432</u>	<u>2,262,739</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	1,485,138
Treasury shares	(194,302)	(161,410)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Reserves	82,040	43,236
Retained profits	105,328	66,266
	<u>134,956</u>	<u>89,982</u>
Non-controlling interest	96,198	92,061
Total equity	<u>231,154</u>	<u>182,043</u>
Non-current liabilities		
Provisions	14,785	10,774
Borrowings	643,298	555,363
Lease liabilities	579,594	553,087
Contingent consideration	33,423	36,083
Contract liabilities	12,698	12,816
Deferred tax liabilities	61,488	63,182
	<u>1,345,286</u>	<u>1,231,305</u>
Current liabilities		
Provisions	840	1,074
Borrowings	77,434	84,874
Trade payables	646,451	517,864
Other payables	217,008	134,160
Lease liabilities	113,174	103,307
Contract liabilities	6,841	8,112
Taxation	12,244	-
	<u>1,073,992</u>	<u>849,391</u>
Total liabilities	<u>2,419,278</u>	<u>2,080,696</u>
Total equity and liabilities	<u>2,650,432</u>	<u>2,262,739</u>
Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)	<u>12.16</u>	<u>7.99</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company								
	Share capital RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Assets revaluation reserve RM'000	FVTOCI reserves RM'000	Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2022									
As previously stated	1,485,138	(161,410)	(1,343,248)	43,236	-	66,266	89,982	92,061	182,043
Restatement	-	-	-	-	66	(66)	-	-	-
At 1 January 2022 (restated)	1,485,138	(161,410)	(1,343,248)	43,236	66	66,200	89,982	92,061	182,043
Acquisition of treasury shares	-	(32,892)	-	-	-	-	(32,892)	-	(32,892)
Total comprehensive income	-	-	-	1,400	37,338	68,634	107,372	18,346	125,718
Transaction with owners:									
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	(222)	(222)	(68)	(290)
Dividends on ordinary shares, representing total transaction with owners	-	-	-	-	-	(29,284)	(29,284)	-	(29,284)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(14,141)	(14,141)
At 31 December 2022	1,485,138	(194,302)	(1,343,248)	44,636	37,404	105,328	134,956	96,198	231,154
At 1 January 2021									
As previously stated	1,485,138	(157,243)	(1,343,248)	42,214	-	39,899	66,760	94,461	161,221
Acquisition of a subsidiary	-	-	-	-	-	-	-	2,480	2,480
Acquisition of treasury shares	-	(4,167)	-	-	-	-	(4,167)	-	(4,167)
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	40	40	(207)	(167)
Total comprehensive income	-	-	-	1,022	-	44,348	45,370	14,709	60,079
Transaction with owners:									
Dividends on ordinary shares	-	-	-	-	-	(18,021)	(18,021)	-	(18,021)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(19,513)	(19,513)
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	131	131
At 31 December 2021	1,485,138	(161,410)	(1,343,248)	43,236	-	66,266	89,982	92,061	182,043

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	12 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	3,989,387	3,041,354
Cash paid to suppliers and employees	(3,440,925)	(2,705,735)
Cash generated from operations	548,462	335,619
Interest paid	(29,107)	(25,319)
Tax paid	(56,990)	(47,422)
Tax refund	63	40
Net cash generated from operating activities	<u>462,428</u>	<u>262,918</u>
Cash flows from investing activities		
Acquisition of subsidiaries and businesses	-	(30,825)
Acquisition of other investments	(24,829)	(67,714)
Acquisition of investments in joint ventures	(13,014)	-
Acquisition of intangible assets	(1,392)	(6,507)
Changes in subsidiary's ownership interests that do not result in a loss of control	(290)	(163)
Purchase of property, plant and equipment	(107,394)	(44,466)
Proceeds from disposal of property, plant and equipment	1,220	2,975
Dividend received	210	106
Interest received	4,079	2,340
Increase in pledge fixed deposits with licensed bank	-	(61)
Net change in short term funds	(28,471)	4,622
Net cash used in investing activities	<u>(169,881)</u>	<u>(139,693)</u>
Cash flows from financing activities		
Acquisition of treasury shares	(32,892)	(4,167)
Dividends paid	(29,284)	(18,021)
Dividends paid to non-controlling interests	(14,141)	(19,513)
Proceeds from issuance of shares	-	131
Proceeds from bankers' acceptances	68,200	228,500
Proceeds from medium term note	100,000	498,939
Proceeds from term loan	400	43,730
Proceeds from revolving credit	-	20,000
Payment of principal portion of lease liabilities	(154,584)	(137,580)
Repayment of bankers' acceptances	(69,700)	(304,440)
Repayment of term loans	(18,005)	(386,566)
Repayment of revolving credit	-	(20,000)
Repayment of hire purchase and finance lease liabilities	(337)	(531)
Net cash used in financing activities	<u>(150,343)</u>	<u>(99,518)</u>
Net increase in cash and cash equivalents	142,204	23,707
Cash and cash equivalents at beginning of the financial year	<u>158,480</u>	<u>134,773</u>
Cash and cash equivalents at end of the financial year	<u>300,684</u>	<u>158,480</u>
Cash and cash equivalents at the end of the financial year comprises the following:-		
Cash and bank balances	298,282	156,009
Fixed deposits with licensed banks	2,670	2,739
	<u>300,952</u>	<u>158,748</u>
Less: Fixed deposit pledged to licensed bank	(268)	(268)
	<u>300,684</u>	<u>158,480</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad ("SEM" or "the Company") is a public limited liability company, incorporated and domiciled in Malaysia.

SEM is an investment holding company, with 2 major subsidiaries:-

- (a) 7-Eleven Malaysia Sdn Bhd ("7EMSB"), which manages the operations and franchising of the convenience store chain under the "7-Eleven" brand; and
- (b) Caring Pharmacy Group Berhad, which operates the pharmaceutical retail chain under the "Caring", "Wellings" and "Georgetown" brands.

The Company and its subsidiaries are collectively referred to as the Group.

A2. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2021.

The interim financial report is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

A3. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2021 except as follows:

On 1 January 2022, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2022:

Description	Effective for annual financial periods beginning on or after
MFRS 3: Reference to Conceptual Framework (Amendments to MFRS 3)	1 January 2022
MFRS 9: Fees in the 10% Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: <i>Onerous Contracts- Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	
(ii) Amendments to MFRS 3: Business Combination	
(iii) Amendments to MFRS 9: Financial Instruments	
(iv) Amendments to MFRS 16: Leases	
(v) Amendments to MFRS 141: Agriculture	

Adoption of the above standards and interpretations did not have any significant impact on the financial performance or position of the Group.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The standards, amendments to standards and IC Interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below:

Description	Effective for annual financial periods beginning on or after
MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9- Comparative information	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 16: Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
MFRS 101: Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The Group has not early adopted any of the new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning on or after 1 January 2022. The Group intend to adopt these standards, if applicable, when they become effective. The initial application of the new or revised MFRSs and Amendments to MFRSs, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their initial adoption.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group typically experience higher customer count, transaction value and sales during weekends, public holidays, school holidays and festive periods such as Chinese New Year, Hari Raya, Deepavali and Christmas.

A5. ITEMS OF UNUSUAL NATURE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial year that have had a material effect in the current financial year.

A7. CHANGES IN COMPOSITION OF THE GROUP

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
NOTES TO THE INTERIM FINANCIAL REPORT

A8. DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resales of treasury shares for the current financial year ended 31 December 2022 and period up to the date of this announcement other than the following:-

Treasury shares

During the financial year ended 31 December 2022, the Company repurchased 16,274,000 of its issued ordinary shares from the open market at an average price of RM2.02 per share with internally generated funds. The shares repurchased are being held as treasury shares.

The number of treasury shares bought back and held in hand as at 31 December 2022 are as follows:

Month	Price per share (RM)			Number of shares	Amount (RM'000)
	Lowest	Highest	Average		
Oct 2022	1.55	2.38	2.02	9,731,400	19,682
Nov 2022	1.63	2.38	2.02	6,542,100	13,210
				<u>16,273,500</u>	<u>32,892</u>

A9. DIVIDEND PAID

During the financial year ended 31 December 2022, the Company paid a single tier cash dividend of 2.6 sen per ordinary share on 1,126,320,000 ordinary shares with voting rights. The entitlement date was fixed on 11 May 2022 and the cash dividend was paid on 27 May 2022.

A10. SEGMENT REPORT

Segmental analysis for the financial year ended 31 December 2022 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
For the twelve months ended 31 December 2022			
Convenience stores	2,484,463	-	2,484,463
Pharmaceutical	1,279,589	-	1,279,589
Others	228	594	822
Inter-segment elimination	-	(594)	(594)
	<u>3,764,280</u>	<u>-</u>	<u>3,764,280</u>
For the twelve months ended 31 December 2021			
Convenience stores	1,810,455	-	1,810,455
Pharmaceutical	997,868	-	997,868
Others	177	680	857
Inter-segment elimination	-	(680)	(680)
	<u>2,808,500</u>	<u>-</u>	<u>2,808,500</u>

Results	CUMULATIVE QUARTER 12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Convenience stores	137,603	98,694
Pharmaceutical	74,228	57,766
Others	(2,336)	(4,913)
	<u>209,495</u>	<u>151,547</u>
Interest income	4,079	2,340
Profit from operations	213,574	153,887
Finance costs	(65,705)	(61,458)
Share of results of joint ventures	(3,349)	-
Profit before tax	144,520	92,429
Income tax expense	(57,846)	(33,589)
Net profit for the year	86,674	58,840

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
NOTES TO THE INTERIM FINANCIAL REPORT

A11. PROPERTY, PLANT AND EQUIPMENT

During the 12 months ended 31 December, the Group acquired assets at costs of RM107.4 million (2021 : RM44.5 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000
With subsidiaries company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia" or "7EMSB")	Advances from/(to) 7EMSB	48,002	(109,933)
	Interest expense on advances from 7EMSB	-	(2,733)
	Interest income on advances to 7EMSB	2,355	858
Convenience Shopping (Sabah) Sdn Bhd ("CSSSB")	Advances to CSSSB	(60,000)	-
	Interest income on advances to CSSSB	19,681	20,021
With companies in which TSVT is deemed interested*			
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	8,614	9,797
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	(154,138)	(157,173)
	Receipts of payment from U Mobile for advertisement placement fees	7,976	9,423
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	(7,806)	(6,411)
Berjaya Food Trading Sdn Bhd ("B Food")	Payment to B Food for purchase of beverages	(5,681)	(4,950)
Berjaya Times Square Sdn. Bhd. ("Berjaya Times Square")	Payment to BTSB for rental of property	(1,017)	(1,202)
Nural Enterprise Sdn Bhd ("Nural")	Payments to Nural for rental of property	(2,054)	(1,500)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
NOTES TO THE INTERIM FINANCIAL REPORT

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000
With companies in which TSVT is deemed interested*			
Ace Print Sdn. Bhd. ("Ace Print")	Purchase of consumables	1,395	-
Razer Fintech Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipts of commission from Razer for in-store services	38,913	36,747
	Payments to Razer for transaction values for in-store services	(4,408,147)	(3,988,170)
	Commission receivable for e-wallet transactions (MDR)	1,503	164
	Receipts of transaction values from Razer for e-wallet transactions	412,986	289,043
With companies in which Director of a subsidiary is deemed interested			
Bioscenergy International Sdn. Bhd. ("BIO")	Purchase of healthcare products by Caring	(2,999)	(1,390)
Ken Prima Cosmeceuticals Sdn. Bhd. ("KEN")	Purchase of personal care products by Caring	-	(1,080)

A13. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM10,190,330 (31 December 2021: RM9,018,534) as security deposits in favour of various government and statutory bodies, and private companies.

The bank guarantee facility is granted to 7EMSB and Caring on a clean basis.

A14. CAPITAL COMMITMENTS

	The Group	
	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
Property, plant and equipment		
- approved and contracted for	10,595	9,141
- approved but not contracted for	248,206	238,108
	<u>258,801</u>	<u>247,249</u>

A15. SUBSEQUENT EVENT

There were no significant events since the end of this current quarter up to the date of this announcement.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B1. REVIEW OF THE PERFORMANCE OF THE GROUP

Review of Current Quarter Performance versus Corresponding Quarter Last Year

RM'000	4Q22	4Q21	Variance	%	YTD 4Q22	YTD 4Q21	Variance	%
Revenue:								
Convenience stores	657,999	520,248	137,751	26.5%	2,484,691	1,810,631	674,060	37.2%
Pharmaceutical	334,426	274,816	59,610	21.7%	1,279,589	997,869	281,720	28.2%
Total revenue	992,425	795,064	197,361	24.8%	3,764,280	2,808,500	955,780	34.0%
Core profit:								
Convenience stores	7,127	25,809	(18,681)	-72.4%	63,923	40,283	23,640	58.7%
Pharmaceutical	12,978	11,707	1,271	10.9%	51,457	41,962	9,495	22.6%
Total core profit	20,105	37,516	(17,410)	-46.4%	115,380	82,245	33,135	40.3%
Corporate exercise expenses	(11,574)	(4,723)	(6,851)		(28,706)	(23,405)	(5,301)	
PAT	8,531	32,793	(24,261)	-74.0%	86,674	58,840	27,834	47.3%

The Group registered Revenue of RM992.4m, an increase of RM197.3m or +24.8% and Core profit of RM20.1m, declined by RM17.4m or -46.4% for the current quarter mainly due to lower profit generated by Convenience Stores segment.

The Convenience Stores segment recorded higher APSD and customer count as consumer spending and trading activities remained buoyant in the current quarter, leading to a positive SSSG of +23.7%. In this regard, Revenue increased by RM137.8m or +26.5% higher as compared to previous year corresponding quarter. Notably, Revenue across all product categories grew in the current quarter, resulting in higher Gross Profit by RM41.7m or +25.2% to RM207.3m.

Operating Expenses increased by RM73.3m or +46.8%, driven by higher store operation related expenses vis-a-vis longer operating hours and minimum wage effect, as well as increase in store maintenance activities. In comparison, during the corresponding quarter last year we had received subsidies from the government and rental waiver of RM2.5m. Excluding corporate exercise expenses, the Convenience Store segment recorded a Core Profit After Tax of RM7.1m, declined by RM18.7m or -72.4% as compared to previous year corresponding quarter.

We had in the current quarter, successfully rolled Thirty-Six (36) of our 7-Café store format, bringing a total count of Eighty – Eight (88) 7-Café stores for the period ended 31 December 2022. It is encouraging to note that these 7-Cafés are more productive and have higher fresh food sales participation as compared to a normal store. Total store count stood at 2,472 stores, a net increase of +45 stores.

The Pharmaceutical segment recorded a Revenue of RM334.4m for the current quarter, an increased of RM59.6m or +21.7%. Gross Profit margins declined from 21.4% to 19.7% mainly due lower off-take of higher margin products such as COVID-19 test-kits and face mask. While Profit After Tax closed at RM13.0m due to higher other operating income +10.8m. Total store count stood at 220 stores, a net increase of +29 stores.

Corporate exercise expenses of RM11.6m primarily consists of finance costs for the acquisition of Caring Group. The Group's Consolidated Profit after Tax for the current quarter after corporate exercise expenses is reported at RM8.5m, declined by RM24.3m or -74.0%.

Review of 12 Months Period Performance versus Corresponding Period Last Year

Revenue for the Convenience Stores segment increased by RM674.1m or +37.2% to RM2,484.7m; with all product categories recording higher Revenue, thereby resulting in higher Gross Profits. Excluding corporate exercise expenses, the Convenience Store segment recorded a Core Profit After Tax of RM63.9m, an increase of RM23.6m or +58.7%.

Revenue from the Pharmaceutical segment increased by RM281.3m or +28.2% to RM1,279.6m, while Core Profit After Tax closed at RM51.5m, an increase of RM9.5m or +22.6%.

The Group's Consolidated Profit After Tax for the period ended 31 December 2022 after corporate exercise expenses is reported at RM86.7m, an increase of RM27.8m or +47.3%.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

The Group recorded a lower Profit before Tax for the fourth quarter by RM24.3 or -63.0% against the immediate preceding quarter mainly due to higher store operation related expenses in the current quarter.

B3. PROSPECTS

Notwithstanding the continued positive turnaround in trading conditions and retail sentiment, the Group is cognisant and will remain steadfast in monitoring potential headwinds arising from global supply chain disruptions, workforce supply constraints and cost pressures on the back of minimum wages, rising interest rates and inflation; essentially, we will take appropriate measures to mitigate these impacts, as necessary.

The Convenience Store segment will continue to focus on the roll-out of its 7-Café store format, which entails much improved product offerings and in-store customer experience. The 7-Café format is expected to contribute positively to the growth of our fresh food category. We will also continue our efforts to enhance our product assortment, fresh food and private labels to drive stronger sales mix for margin improvement/sustenance.

Additionally, in the coming year, we plan to complete the construction of our new fresh food commissary, which has a capacity to serve up to 1,000 stores in Klang Valley. With better equipment/machines aiding automation of key processes at this new facility (i.e. prepping, cooking, packing etc.), we envisage to elevate the quality and consistency of our fresh food offerings to our customers.

The Pharmaceutical segment, which had shown much resilience over the pandemic and will continue to strengthen its market share together with The Pill House and Wellings group. At the date of this report, Wellings had successfully opened fifteen (15) stores in Indonesia via our joint venture with PT Era Caring Indonesia.

B4. VARIANCE OF ACTUAL RESULTS FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit estimate previously in any public document.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	1,149	1,130	6,251	8,175
Amortisation of right of use	34,165	30,522	126,494	120,592
Bad debts written off	633	17	763	18
Depreciation of property, plant and equipment	18,042	17,712	69,307	68,825
Dividend income	(1,348)	(29)	(1,484)	(106)
(Gain)/Loss on foreign exchange translation differences	(102)	(5)	(82)	10
Impairment loss on:				
- Property, plant and equipment	-	337	10	337
- Receivables	28	125	528	125
- Right of use assets	-	3,368	-	3,368
Interest income	(1,553)	(720)	(4,079)	(2,340)
Loss/(Gain) on disposal of property, plant and equipment	33	(26)	(205)	(145)
Property, plant and equipment written off	1,313	515	2,109	1,419
Provision for and write off of inventories	5,940	4,310	15,277	12,882

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of other assets, gain or loss on derivatives and exceptional items included in the results of the current quarter and financial year ended 31 December 2022.

B6. TAXATION

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	16,137	16,409	67,860	36,699
(Over)/Under provision in prior year	-	(3,997)	(1,963)	(3,793)
	<u>16,137</u>	<u>12,412</u>	<u>65,897</u>	<u>32,906</u>
Deferred tax:				
Relating to reversal of temporary differences	(11,689)	(751)	(12,887)	(3,696)
Under provision in prior year	1,252	4,403	4,836	4,379
	<u>(10,437)</u>	<u>3,652</u>	<u>(8,051)</u>	<u>683</u>
	<u>5,700</u>	<u>16,064</u>	<u>57,846</u>	<u>33,589</u>

Income tax expense is recognised based on management's best estimation. The Group's consolidated effective tax rates for the current quarter and financial year ended 31 December 2022 were higher than the Malaysian's statutory tax rate mainly due to the effect of (a) Prosperity Tax ("Cukai Makmur") as gazetted in the Malaysian Budget 2022; and (b) certain expenses not deductible under tax legislation.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B7. STATUS OF CORPORATE PROPOSALS

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

B8. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 December 2022 are as follows: -

	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
Short term borrowings		
Secured:		
Term loan	11,934	11,874
Unsecured:		
Bankers' acceptances	5,500	7,000
Medium term notes	-	-
Term loan	-	6,000
Revolving credit	60,000	60,000
	<u>77,434</u>	<u>84,874</u>
Long term borrowings		
Secured:		
Term loan	43,298	55,363
Unsecured:		
Medium term notes	600,000	500,000
	<u>643,298</u>	<u>555,363</u>
Total borrowings		
Bankers' acceptances	5,500	7,000
Medium term notes	600,000	500,000
Term loan	55,232	73,237
Revolving credit	60,000	60,000
	<u>720,732</u>	<u>640,237</u>

B9. MATERIAL LITIGATION

On 9 November 2020, 7EMSB, a wholly-owned subsidiary of the Company and another company, Qinetics Solutions Sdn Bhd ("Qinetics") had filed a Writ of Summons together with Statement of Claim against one Nabil Bin Feisal Bamadhaj ("Nabil") and Deگو for respective claims arising from a Subscription Agreement dated 27 December 2019 made between 7EMSB, Encik Nabil and Deگو ("SA") and a Share Sales Agreement dated 11 September 2019 made between Qinetics and Nabil ("the HC Suit").

On 12 April 2021, all parties to the legal action have reached an amicable settlement and recorded a Consent Judgment (a sealed copy of which was extracted on 14 April 2021) at Kuala Lumpur High Court ("Settlement"). The Settlement will envisage, amongst others, both Nabil and Deگو to pay a sum of RM2,800,000 ("Settlement Sum") to 7EMSB and Qinetics as full and final settlement of the claims made against them.

After the record of the Settlement, Nabil and Deگو had breached the Consent Judgment and the Settlement by defaulting in paying monthly installment of the Settlement Sum ("the Default"). Due to the Default, 7EMSB and Qinetics have initiated a Bankruptcy Proceeding at Kuala Lumpur High Court against Nabil to recover the outstanding sum under the Consent Judgment. The Bankruptcy Proceeding envisages a demand from Nabil a total sum of RM1,813,808 (inclusive of late payment payment interest). The bankruptcy proceeding will not have any material effect on the earnings, net assets and gearing of the 7-Eleven Group for the financial year ended 31 December 2022.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B10. DIVIDEND

No dividend was declared or recommended for payment by the Company for the current quarter (previous corresponding quarter : Nil)

B11. EARNINGS PER SHARE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Net profit attributable to equity holders of the company (RM'000)	2,650	29,443	68,634	44,348
Weighted average number of ordinary shares in issue ('000)	1,114,570	1,126,320	1,123,358	1,127,043
Basic/diluted earnings per ordinary share (sen)	<u>0.24</u>	<u>2.61</u>	<u>6.11</u>	<u>3.93</u>

The Company does not have any dilutive potential ordinary shares in issue for the current quarter to date.

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not qualified.