

7-Eleven Malaysia Holdings Berhad
[Registration No: 201301028701 (1058531-W)]

Date : 29 February 2024

**Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2023**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|------------|--------------------|-------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | 694,496 | 657,999 | 2,783,770 | 2,484,691 |
| Cost of sales | (481,359) | (450,500) | (1,917,731) | (1,685,480) |
| Gross profit | 213,137 | 207,499 | 866,039 | 799,211 |
| Other operating income | 49,543 | 42,037 | 161,481 | 142,627 |
| Selling and distribution expenses | (192,219) | (174,065) | (736,984) | (646,655) |
| Administrative and other operating expenses | (98,574) | (62,334) | (196,758) | (158,014) |
| (Loss)/Profit from operations | (28,113) | 13,137 | 93,778 | 137,169 |
| Finance costs | (17,080) | (15,457) | (65,837) | (60,389) |
| Share of results of joint ventures | (2,158) | - | (6,373) | - |
| (Loss)/Profit before tax from continuing operations | (47,351) | (2,320) | 21,568 | 76,780 |
| Income tax expense | (5,762) | (2,127) | (36,031) | (39,849) |
| (Loss)/Profit after tax from continuing operations | (53,113) | (4,447) | (14,463) | 36,931 |
| Discontinued operations | | | | |
| Profit after tax for the year from discontinued operations | 277,055 | 12,978 | 300,053 | 47,397 |
| Profit for the year | 223,942 | 8,531 | 285,590 | 84,328 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent year: | | | | |
| Net Changes in fair value reserve of investments classified as fair value through other comprehensive income ("FVTOCI") | | | | |
| - continuing operations | 21,186 | 37,338 | 21,186 | 37,338 |
| - discontinued operations | - | - | - | - |
| Revaluation of land and buildings | | | | |
| - continuing operations | 3,850 | 624 | 3,850 | 624 |
| - discontinued operations | 2,290 | 1,310 | 2,290 | 3,101 |
| Deferred taxation | | | | |
| - continuing operations | (737) | (143) | (737) | (97) |
| - discontinued operations | (443) | (85) | (443) | (489) |
| Total other comprehensive income (net of taxation): | 26,146 | 39,044 | 26,146 | 40,477 |
| Total comprehensive income for the financial year | 250,088 | 47,575 | 311,736 | 124,805 |
| (Loss)/Profit after tax attributable to: | | | | |
| Equity holders of the Company | | | | |
| - continuing operations | (52,267) | (6,911) | (12,513) | 27,538 |
| - discontinued operations | 273,346 | 9,561 | 288,739 | 39,337 |
| | 221,079 | 2,650 | 276,226 | 66,875 |
| Non-controlling interest | | | | |
| - continuing operations | (846) | 2,464 | (1,950) | 9,393 |
| - discontinued operations | 3,709 | 3,417 | 11,314 | 8,060 |
| | 2,863 | 5,881 | 9,364 | 17,453 |
| | 223,942 | 8,531 | 285,590 | 84,328 |
| Total comprehensive income for the financial year | | | | |
| Equity holders of the Company | | | | |
| - continuing operations | (27,968) | 30,602 | 11,786 | 64,627 |
| - discontinued operations | 275,193 | 10,786 | 290,586 | 41,949 |
| | 247,225 | 41,388 | 302,372 | 106,576 |

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | | | | |
|--|----------------|---------------|----------------|----------------|
| Non-controlling interest | | | | |
| - continuing operations | (846) | 2,770 | (1,950) | 10,169 |
| - discontinued operations | 3,709 | 3,417 | 11,314 | 8,060 |
| | <u>2,863</u> | <u>6,187</u> | <u>9,364</u> | <u>18,229</u> |
| | <u>250,088</u> | <u>47,575</u> | <u>311,736</u> | <u>124,805</u> |
| Basic/diluted earnings per ordinary share (sen) | | | | |
| (Note B11) | | | | |
| - continuing operations | (4.71) | (0.62) | (1.13) | 2.45 |
| - discontinued operations | 24.65 | 0.86 | 26.02 | 3.50 |
| | <u>19.93</u> | <u>0.24</u> | <u>24.89</u> | <u>5.95</u> |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | The Group | |
|---|--|--|
| | Unaudited As at 31.12.2023 RM'000 | Audited As at 31.12.2022 RM'000 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 435,663 | 361,620 |
| Investment properties | - | 20,584 |
| Right of use assets | 628,046 | 684,363 |
| Intangible assets | 11,194 | 473,375 |
| Investment in joint ventures | - | 9,665 |
| Other investments | 104,383 | 33,392 |
| Sundry receivables | 38,598 | 23,598 |
| Deferred tax assets | 9,536 | 12,382 |
| | <u>1,227,420</u> | <u>1,618,979</u> |
| Current assets | | |
| Inventories | 356,157 | 453,054 |
| Sundry receivables | 102,275 | 220,356 |
| Tax recoverable | 13,875 | 8,411 |
| Other investment | - | 77,794 |
| Cash and bank balances | 808,823 | 298,633 |
| | <u>1,281,130</u> | <u>1,058,248</u> |
| Total assets | <u>2,508,550</u> | <u>2,677,227</u> |
| Equity and liabilities | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 1,410,881 | 1,485,138 |
| Treasury shares | (99,108) | (194,302) |
| Capital reorganisation deficit | (1,343,248) | (1,343,248) |
| Reserves | 104,702 | 82,937 |
| Retained profits | 286,882 | 103,636 |
| | <u>360,109</u> | <u>134,161</u> |
| Non-controlling interest | (2,990) | 96,080 |
| Total equity | <u>357,119</u> | <u>230,241</u> |
| Non-current liabilities | | |
| Provisions | 14,832 | 15,251 |
| Borrowings | 449,498 | 643,476 |
| Lease liabilities | 568,539 | 579,417 |
| Contingent consideration | - | 33,423 |
| Contract liabilities | 11,336 | 12,698 |
| Deferred tax liabilities | - | 65,787 |
| | <u>1,044,205</u> | <u>1,350,052</u> |
| Current liabilities | | |
| Provisions | 1,418 | 1,982 |
| Borrowings | 287,900 | 77,566 |
| Trade payables | 474,291 | 668,370 |
| Other payables | 237,454 | 211,332 |
| Lease liabilities | 95,730 | 113,042 |
| Contract liabilities | 10,433 | 11,783 |
| Taxation | - | 12,859 |
| | <u>1,107,226</u> | <u>1,096,934</u> |
| Total liabilities | <u>2,151,431</u> | <u>2,446,986</u> |
| Total equity and liabilities | <u>2,508,550</u> | <u>2,677,227</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>32.47</u> | <u>11.06</u> |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
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 2023 | | | | | | | | | |
| As previously stated | 1,485,138 | (194,302) | (1,343,248) | 45,599 | 37,338 | 103,636 | 134,161 | 96,080 | 230,241 |
| Acquisition of treasury shares | - | (1,960) | - | - | - | - | (1,960) | - | (1,960) |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 402 | 402 |
| Cancellation of treasury shares | (74,257) | 97,154 | - | - | - | (22,897) | - | - | - |
| Changes in subsidiary's ownership interests that do not result in a loss of control | - | - | - | - | - | (58) | (58) | 143 | 85 |
| Total comprehensive income | - | - | - | 4,960 | 21,186 | 276,226 | 302,372 | 9,364 | 311,736 |
| Transaction with owners: | | | | | | | | | |
| Allocation of profit to non-controlling interests | - | - | - | - | - | (14,463) | (14,463) | 11,850 | (2,613) |
| Disposal of Caring Group | - | - | - | (4,381) | - | 4,381 | - | (87,286) | (87,286) |
| Dividends on ordinary shares, representing total transaction with owners | - | - | - | - | - | (59,943) | (59,943) | - | (59,943) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | (33,543) | (33,543) |
| At 31 December 2023 | 1,410,881 | (99,108) | (1,343,248) | 46,178 | 58,524 | 286,882 | 360,109 | (2,990) | 357,119 |
| 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 |
| Acquisition of treasury shares | - | (32,892) | - | - | - | - | (32,892) | - | (32,892) |
| Changes in subsidiary's ownership interests that do not result in a loss of control | - | - | - | - | - | (221) | (221) | (68) | (289) |
| Total comprehensive income | - | - | - | 2,363 | 37,338 | 66,875 | 106,576 | 18,229 | 124,805 |
| Transaction with owners: | | | | | | | | | |
| Dividends on ordinary shares, representing total transaction with owners | - | - | - | - | - | (29,284) | (29,284) | - | (29,284) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | (14,142) | (14,142) |
| At 31 December 2022 | 1,485,138 | (194,302) | (1,343,248) | 45,599 | 37,338 | 103,636 | 134,161 | 96,080 | 230,241 |

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | CUMULATIVE QUARTER | |
|--|---------------------------|--------------------|
| | 12 months ended | |
| | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Cash receipts from customers and other receivables | 4,358,273 | 4,010,942 |
| Cash paid to suppliers and employees | <u>(3,959,896)</u> | <u>(3,459,317)</u> |
| Cash generated from operations | 398,377 | 551,625 |
| Interest paid | (34,542) | (29,090) |
| Tax paid | (82,879) | (56,640) |
| Tax refund | 21 | 63 |
| Net cash generated from operating activities | <u>280,977</u> | <u>465,958</u> |
| Cash flows from investing activities | | |
| Acquisition of subsidiaries | (2,678) | - |
| Acquisition of intangible assets | (5,885) | (3,483) |
| Investment in joint ventures | (8,793) | (13,014) |
| Changes in subsidiary's ownership interests that do not result in a loss of control | 116 | (289) |
| Purchase of property, plant and equipment | (199,418) | (108,482) |
| Proceeds from disposal of property, plant and equipment | 349 | 1,528 |
| Proceeds from disposal of subsidiary | 570,608 | - |
| Dividend income received | 450 | 212 |
| Interest received | 5,588 | 4,126 |
| Increase in pledge fixed deposits with licensed bank | - | (1,241) |
| Withdrawal/(Placement) with broker under a Discretionary Investment Fund, net | 50,110 | (24,829) |
| Withdrawal/(Placement) short term fund | 10,790 | (34,328) |
| Net cash generated from/(used in) investing activities | <u>421,237</u> | <u>(179,800)</u> |
| Cash flows from financing activities | | |
| Acquisition of treasury shares | (1,960) | (32,892) |
| Dividends paid on ordinary shares | (59,943) | (29,284) |
| Dividends paid to non-controlling interests | (33,543) | (14,142) |
| Proceeds from issuance of shares by subsidiaries to non-controlling shareholders | - | 43 |
| Proceeds from bankers' acceptances | 234,300 | 68,200 |
| Proceeds from medium term note | - | 100,000 |
| Proceeds from revolving credit | 17,000 | - |
| Payment of principal & interest portion of lease liabilities | (170,837) | (152,044) |
| Repayment of bankers' acceptances | (161,900) | (69,700) |
| Repayment of term loans | (12,285) | (17,695) |
| Repayment of revolving credit | (1,000) | - |
| Net cash used in financing activities | <u>(190,168)</u> | <u>(147,514)</u> |
| Net increase in cash and cash equivalents | 512,046 | 138,644 |
| Cash and cash equivalents at beginning of the financial year | <u>296,777</u> | <u>158,480</u> |
| Cash and cash equivalents at end of the financial year | <u>808,823</u> | <u>297,124</u> |
| Cash and cash equivalents at the end of the financial year comprises the following:- | | |
| Cash and bank balances | 808,724 | 295,963 |
| Fixed deposits with licensed banks | <u>99</u> | <u>2,670</u> |
| | 808,823 | 298,633 |
| Less: Fixed deposit pledged to licensed bank | - | (1,509) |
| | <u>808,823</u> | <u>297,124</u> |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
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.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are in the operating and franchising of convenience stores under the "7-Eleven" brand name and investment holdings.

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 2022.

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 2022 except as follows:

On 1 January 2023, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2023:

| Description | Effective for annual financial periods beginning on or after |
|---|---|
| MFRS 17 Insurance Contracts ("MFRS 17") and Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 112 Income Taxes | 1 January 2023 |

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

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 7 & MFRS 107: Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7) | 1 January 2024 |
| 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 107: Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7) | 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 |
| MFRS 121: Lack of Exchangeability (Amendments to MFRS 121) | 1 January 2025 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
NOTES TO THE INTERIM FINANCIAL REPORT

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 2023. 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

On 29 December 2023, Convenience Shopping (Sabah) Sdn Bhd ("CSSSB"), a wholly owned subsidiary of the Company completed the disposal of its entire 75% equity interest in Caring Pharmacy Group Berhad ("Caring") to BIG Pharmacy Holdings Sdn Bhd for a final Disposal Consideration after the final adjustments made to the Equity Value amounts to RM666,248,195. With the completion of the disposals, Caring ceased to become subsidiaries of the Group.

A8. DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities and resales of treasury shares for the current financial year ended 31 December 2023 and period up to the date of this announcement other than the following:-

Treasury shares

During the financial year ended 31 December 2023, the Company repurchased 980,000 of its issued ordinary shares from the open market at an average price of RM2.00 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 2023 are as follows:

| Month | Price per share (RM) | | | Number of shares | Amount (RM'000) |
|----------|----------------------|---------|---------|------------------|-----------------|
| | Lowest | Highest | Average | | |
| Jul 2023 | 1.99 | 2.01 | 2.00 | 980,000 | 1,960 |

A9. DIVIDEND PAID

During the financial year ended 31 December 2023, the Company paid a single tier cash dividend of 5.4 sen per ordinary share on 1,110,046,500 ordinary shares with voting rights. The entitlement date was fixed on 11 May 2023 and the cash dividend was paid on 25 May 2023.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
NOTES TO THE INTERIM FINANCIAL REPORT

A10. SEGMENT REPORT

The results of the Continuing Operations are as follows:

| | External RM'000 | Inter- segment RM'000 | Total RM'000 |
|---|--------------------|-----------------------------|------------------|
| Revenue | | | |
| For the twelve months ended 31 December 2023 | | | |
| Convenience stores | 2,783,325 | - | 2,783,325 |
| Others | 445 | 525 | 970 |
| Inter-segment elimination | - | (525) | (525) |
| | <u>2,783,770</u> | <u>-</u> | <u>2,783,770</u> |
| For the twelve months ended 31 December 2022 | | | |
| Convenience stores | 2,484,463 | - | 2,484,463 |
| Others | 228 | 594 | 822 |
| Inter-segment elimination | - | (594) | (594) |
| | <u>2,484,691</u> | <u>-</u> | <u>2,484,691</u> |

| | CUMULATIVE QUARTER | |
|---------------------------------------|---------------------------|-------------------|
| | 12 months ended | |
| | 31.12.2023 | 31.12.2022 |
| Results | RM'000 | RM'000 |
| Convenience stores | 123,143 | 137,599 |
| Others | <u>(32,184)</u> | <u>(1,863)</u> |
| | 90,959 | 135,736 |
| Interest income | <u>2,819</u> | <u>1,433</u> |
| Profit from operations | 93,778 | 137,169 |
| Finance costs | (65,837) | (60,389) |
| Share of results of joint ventures | <u>(6,373)</u> | <u>-</u> |
| Profit before tax | 21,568 | 76,780 |
| Income tax expense | <u>(36,031)</u> | <u>(39,849)</u> |
| Net (loss)/profit for the year | (14,463) | 36,931 |

The results of the Discontinued Operations are as follows:

| | CUMULATIVE QUARTER | |
|------------------------------------|---------------------------|--------------------|
| | 12 months ended | |
| | 31.12.2023 | 31.12.2022 |
| Results | RM'000 | RM'000 |
| Revenue | 1,381,632 | 1,279,587 |
| Cost of Sales | <u>(1,109,340)</u> | <u>(1,024,897)</u> |
| Gross Profit | 272,292 | 254,690 |
| Operating Expenses | (281,565) | (231,008) |
| Other Operating Income | 329,031 | 50,452 |
| Profit from operations | 319,758 | 74,134 |
| Finance costs | (7,063) | (5,316) |
| Share of results of joint ventures | <u>-</u> | <u>(3,349)</u> |
| Profit before tax | 312,695 | 65,469 |
| Income tax expense | <u>(12,642)</u> | <u>(18,072)</u> |
| Net profit for the year | 300,053 | 47,397 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
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 RM199.4million (2022 : RM108.5million). 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 | |
|---|---|---|----------------------|
| | | 31.12.2023 RM'000 | 31.12.2022 RM'000 |
| With subsidiaries company | | | |
| 7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia" or "7EMSB") | Advances from 7EMSB | 74,342 | 1,454 |
| | Interest income on advances to 7EMSB | 2,330 | 1,707 |
| Convenience Shopping (Sabah) Sdn Bhd ("CSSSB") | Repayment from/(Advances to) CSSSB | 30,000 | (60,000) |
| | Interest income on advances to CSSSB | 21,045 | 14,362 |
| 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 | 9,162 | 6,525 |
| | Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads | (178,086) | (113,251) |
| | Receipts of payment from U Mobile for advertisement placement fees | 10,584 | 5,494 |
| | Securexpress Services Sdn. Bhd. ("Securexpress") | Payments to Securexpress for fees relating to the delivery of merchandise to stores | (8,147) |
| Berjaya Food Trading Sdn Bhd ("B Food") | Payment to B Food for purchase of beverages | (952) | (5,268) |
| Berjaya Times Square Sdn. Bhd. ("Berjaya Times Square") | Payment to BTSB for rental of property | (1,139) | (770) |
| Nural Enterprise Sdn Bhd ("Nural") | Payments to Nural for rental of property | (2,076) | (1,542) |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
NOTES TO THE INTERIM FINANCIAL REPORT

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

| Transacting party | Type of transaction | CUMULATIVE QUARTER 12 months ended | |
|---|---|---------------------------------------|----------------------|
| | | 31.12.2023 RM'000 | 31.12.2022 RM'000 |
| With companies in which TSVT is deemed interested* | | | |
| Sun Media Corporation Sdn Bhd ("Sun Media") | Advertising fees on placement of advertisement in The Sun newspaper | (366) | (138) |
| | Display fees from placement of The Sun newspaper in 7-Eleven's stores | 314 | 270 |
| Razer Fintech Holdings Pte. Ltd. and its subsidiary companies ("Razer") | Receipts of commission from Razer for in-store services | 43,210 | 28,798 |
| | Payments to Razer for transaction values for in-store services | (4,972,935) | (3,283,038) |
| | Commission paid for e-wallet transactions (Merchant Discount Rate) | (1,913) | (1,097) |
| | Receipts of transaction values from Razer for e-wallet transactions | 560,683 | 300,401 |
| With companies in which Director of a subsidiary is | | | |
| Bioscenergy International Sdn. Bhd. ("BIO") | Purchase of healthcare products by Caring | (34,359) | (2,326) |

A13. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM12.7million (31 December 2022: RM10.2million) as security deposits in favour of various government and statutory bodies, and private companies.

The bank guarantee facility is granted to 7-Eleven Malaysia Sdn. Bhd. on a clean basis.

A14. CAPITAL COMMITMENTS

| | The Group | |
|-----------------------------------|--|--|
| | Unaudited As at 31.12.2023 RM'000 | Audited As at 31.12.2022 RM'000 |
| Property, plant and equipment | | |
| - approved and contracted for | 15,071 | 10,595 |
| - approved but not contracted for | 32,372 | 237,611 |
| | <u>47,443</u> | <u>248,206</u> |

A15. SUBSEQUENT EVENT

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

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B1. REVIEW OF THE PERFORMANCE OF THE GROUP

Review of Current Quarter Performance versus Corresponding Quarter Last Year

| RM'000 | 4Q23 | 4Q22 | Variance | % | YTD 4Q23 | YTD 4Q22 | Variance | % |
|--|------------------|----------------|----------------|----------------|------------------|------------------|-----------------|---------------|
| Revenue: | | | | | | | | |
| Convenience stores | 694,496 | 657,999 | 36,497 | 5.5% | 2,783,770 | 2,484,691 | 299,079 | 12.0% |
| Pharmaceutical - Discontinued Operations | 378,245 | 334,426 | 43,819 | 13.1% | 1,381,632 | 1,279,587 | 102,045 | 8.0% |
| Total | 1,072,741 | 992,425 | 80,316 | 8.1% | 4,165,402 | 3,764,278 | 401,124 | 10.7% |
| Core profit: | | | | | | | | |
| Convenience stores | 13,487 | 7,127 | 6,360 | 89.2% | 71,956 | 63,923 | 8,033 | 12.6% |
| Pharmaceutical - Discontinued Operations | 2,952 | 12,978 | (10,026) | -77.3% | 21,771 | 49,111 | (27,340) | -55.7% |
| Total | 16,439 | 20,105 | (3,666) | -18.2% | 93,727 | 113,034 | (19,307) | -17.1% |
| Corporate exercise income/(expenses) | 207,503 | (11,574) | 219,077 | | 191,863 | (28,706) | 220,569 | |
| PAT | 223,942 | 8,531 | 215,411 | 2525.0% | 285,590 | 84,328 | 201,262 | 238.7% |

The Group registered an overall Revenue of RM1,072.7m, increased by RM80.3m, or +8.1%, whilst Core Profit decreased by RM3.7m or -18.2% to RM16.4m for the current quarter ended 31 December 2023.

The Convenience Stores segment recorded higher APSD and customer count as consumer spending and trading activities remained buoyant in the current quarter. In this regard, Revenue increased by RM36.5m or +5.5% 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 RM5.6m or +2.7% to RM213.1m.

Operating Expenses increased by RM6.9m or +3.0%, driven by higher store operation related expenses vis-a-vis longer operating hours and with +94 net new stores added; an expansion in our workforce to meet anticipated business demands also contributed to this increase. Excluding corporate exercise expenses, the Convenience Store segment recorded a Core Profit After Tax of RM13.5m, an increase of RM6.4m or +89.2% as compared to previous year corresponding quarter.

We had in the current quarter, successfully rolled-out 62 new 7-Café store format, with one (1) non-performing store closure, bringing a total count of 247 7-Café stores for the period ended 31 December 2023. It is encouraging to note that these 7-Cafés are more productive and have higher fresh food sales participation as compared to a classic store. Total store count stood at 2,566 stores.

The Pharmaceutical segment recorded a Revenue of RM378.2m for the current quarter, an increase of RM43.8m or +13.1%, primarily driven by new stores sales contribution. Correspondingly, Gross Profit increased by RM11.1m or +16.9% whilst Gross Profit margins increased from 19.6% to 20.3%, mainly due to higher rebate income received. Yet, Core Profit from Pharmaceuticals experienced a decline of RM10.0m or -77.3% compared to the same quarter last year due lower off-take of higher margin COVID-19 test-kits and face masks. Total store count stood at 250 stores, a net increase of +30 stores.

Net corporate exercise income of RM207.5m primarily consists of the gain on disposal of Pharmaceutical segment offset by related expenses incurred. The Group's Consolidated Profit after Tax for the current quarter after corporate exercise income and expenses is reported at RM223.9m, an increase of RM215.4m or +2,525.0%.

Review of 12 Months Period Performance versus Corresponding Period Last Year

With the overall longer operating hours and net new store growth, Revenue for the Convenience Stores segment increased by RM299.1m or +12.0% to RM2,783.8m; 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 RM72.0m, an increase of RM8.0m or +12.6%.

Revenue from the Pharmaceutical segment increased by RM102.0m or +8.0% to RM1,381.6m. However, Core Profit from pharmaceuticals experienced a significant decline, decreasing by RM27.3m or -55.7% compared to the same period last year.

The Group's Core Profit, despite the decline in Pharmaceutical core profit, the Group reported a moderate decrease in total Core Profit on a year-to-date basis, with a decline of RM19.3m or -17.1% to RM93.7m from RM113.0m compared to the corresponding period in the previous year. This shown that the performance of Convenience Stores partially offset the decline in Pharmaceuticals, contributing to overall profitability.

The Group's Consolidated Profit After Tax for the period ended 31 December 2023 after net corporate exercise income is reported at RM285.6m, an increased of RM201.3m or +238.7%.

The discontinued operations disclosed Group's unaudited interim financial report refers to the corporate proposals for disposal of the Pharmaceutical segment, which was completed on 29 December 2023. Further details on the same are as disclosed in note B7 of the unaudited interim financial report.

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 RM69.3m or -316.4% against the immediate preceding quarter mainly due to lower revenue and gross profit resulted from the discontinued operation in current quarter.

B3. PROSPECTS

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

Our focus for the Convenience Stores segment continues to be on the expansion of our 7-Café store format, aimed at enhancing product offerings and elevating the in-store customer experience. Anticipated to drive growth in our fresh food category, the 7-Café format will play a pivotal role in diversifying our sales mix and improving margins. On-going initiatives include the establishment of new 7-Cafés outside of Klang Valley, complemented by tactical plans to penetrate specific high potential locations.

As at the date of this report, we are pleased to share that our new commissary is already fully operational. Designed to accommodate up to 1,000 stores in the Klang Valley, this facility incorporates advanced equipment and automation to streamline key processes such as prepping, cooking, and packing, thereby enhancing the quality and consistency of our fresh food offerings. In addition, efforts to enrich our fresh food product assortment will be enhanced, further bolstering our sales strategy.

Additionally, we are equally delighted to announce the completion of our first self-operated ambient warehouse. Covering an area of 300,000 square feet, this facility operates on a comprehensive inventory put-away model, complemented by automated handling activities. With increased efficiency in delivery lead times, on-shelf availability, and picking accuracy, we anticipate better in-store service levels and customer experience, marking a significant milestone in our supply chain infrastructure enhancement endeavors.

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In the coming year, we have plans to introduce our My7E Online Store, offering on-demand delivery to our customers through our My7E Mobile App platform. We will also continue to enhance our supply chain planning and efficiency by implementing a Transport Management System, coupled with Digital E-Proof-of-Delivery, both of which are anticipated to simplify logistical operations across the value chain. Last but not least, in line with our customer-centric strategy, we will be conducting more regular consumer research and insights, leveraging the voice of the consumer through social listening and brand health studies to continuously improve our services and product offerings.

Essentially, the successful disposal of our Pharmaceutical segment provides an opportunity for the Group to un-lock and realise the value of our investment. In addition, cash proceeds from the disposal will be re-invested into strategic initiatives, including our Convenience Store segment, which are expected to contribute positively to the Group's future income.

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.

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B5. PROFIT FROM CONTINUING OPERATIONS

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

| | CURRENT QUARTER | | CUMULATIVE QUARTER | |
|---|-----------------|------------|--------------------|------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amortisation of intangible assets | 1,119 | 1,126 | 4,475 | 4,517 |
| Amortisation of right of use | 28,617 | 27,757 | 104,788 | 97,851 |
| Bad debts written off | - | 633 | - | 652 |
| Depreciation of property, plant and equipment | 16,974 | 16,321 | 72,600 | 62,042 |
| Dividend income | - | (1,348) | (450) | (212) |
| Gain on foreign exchange translation differences | (4) | (102) | (28) | (82) |
| Impairment loss on receivable | - | 28 | - | 28 |
| Impairment of right of use | 3,000 | - | 3,000 | - |
| Impairment of joint ventures | 9,560 | - | 9,560 | - |
| Interest income | (679) | (605) | (2,819) | (1,433) |
| Loss on disposal of property, plant and equipment | 169 | 38 | 887 | 141 |
| Property, plant and equipment written off | 664 | 1,388 | 2,757 | 1,811 |
| Provision for and write off of inventories | 9,674 | 5,940 | 35,646 | 15,277 |

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 2023.

B6. TAXATION

| | CURRENT QUARTER | | CUMULATIVE QUARTER | |
|---|-----------------|-----------------|--------------------|----------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax: | | | | |
| Current period provision | 7,315 | 12,904 | 38,358 | 50,389 |
| Under/(Over) provision in prior year | 1,840 | - | 1,840 | (1,985) |
| | <u>9,155</u> | <u>12,904</u> | <u>40,198</u> | <u>48,404</u> |
| Deferred tax: | | | | |
| Relating to reversal of temporary differences | (424) | (12,029) | (1,198) | (11,112) |
| (Over)/Under provision in prior year | (2,969) | 1,252 | (2,969) | 2,557 |
| | <u>(3,393)</u> | <u>(10,777)</u> | <u>(4,167)</u> | <u>(8,555)</u> |
| | <u>5,762</u> | <u>2,127</u> | <u>36,031</u> | <u>39,849</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 2023 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

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B7. STATUS OF CORPORATE PROPOSALS

On 21 September 2023, RHB Investment Bank Berhad had, on behalf of the Board of Directors of the Company, announced that Convenience Shopping (Sabah) Sdn Bhd ("CSSSB"), a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with BIG Pharmacy Holdings Sdn Bhd ("BIG Pharmacy") and Motivasi Optima Sdn Bhd ("MOSB") ("SPA") for the following:

- (a) the proposed disposal by CSSSB of its entire 75% equity interest in Caring Pharmacy Group Berhad ("Caring") to BIG Pharmacy for a cash consideration of RM675.0 million, subject to the terms and conditions of the SPA ("Proposed Disposal").
- (b) the proposed disposal by MOSB of its entire 25% equity interest in Caring to BIG Pharmacy ("Proposed MOSB Disposal").

The Proposed Disposal and the Proposed MOSB Disposal, collectively shall be referred to as "Proposed Transaction".

For the avoidance of doubt, the Proposed MOSB Disposal shall not form part of the Company's corporate exercise.

The Proposed Transaction does not include the disposal of the Indonesian businesses operated by Caring group in the Republic of Indonesia ("Indonesian Businesses"). The Indonesian Businesses would be carved out from the Proposed Transaction as a condition precedent in accordance with the terms and conditions of the SPA and as mutually agreed between the parties.

On 29 December 2023, the Disposal has been completed and the final Disposal Consideration after the final adjustments made to the Equity Value amounts to RM666,248,195. With that, Caring ceased to become subsidiaries of the Group.

B8. STATUS OF UTILISATION OF PROCEEDS FROM DISPOSAL OF CARING

The status of utilisation of the proceeds from disposal of Caring on 31 December 2023 are as follows:

| Purpose | Proposed utilisation RM'000 | Actual utilisation on 31 December 2023 | Balance RM'000 | Estimated time frame for utilisation |
|---|--|---|---------------------------|---|
| Repayment of borrowings | 250,000 | - | 250,000 | within 12 months |
| 7-CAFÉ expansion | 407,442 | - | 407,442 | Within 24 months |
| Estimated expenses in relation to the Proposed Disposal | 8,806 | - | 8,806 | Within 6 months |
| Total gross proceeds | 666,248 | - | 666,248 | |

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B9. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 December 2023 are as follows: -

| | Unaudited As at 31.12.2023 RM'000 | Audited As at 31.12.2022 RM'000 |
|------------------------------|--|--|
| Short term borrowings | | |
| Secured: | | |
| Term loan | - | 12,066 |
| Unsecured: | | |
| Bankers' acceptances | 77,900 | 5,500 |
| Term loan | 150,000 | - |
| Revolving credit | 60,000 | 60,000 |
| | <u>287,900</u> | <u>77,566</u> |
| Long term borrowings | | |
| Secured: | | |
| Term loan | - | 43,476 |
| Unsecured: | | |
| Medium term notes | 449,498 | 600,000 |
| | <u>449,498</u> | <u>643,476</u> |
| Total borrowings | | |
| Bankers' acceptances | 77,900 | 5,500 |
| Medium term notes | 449,498 | 600,000 |
| Term loan | 150,000 | 55,542 |
| Revolving credit | 60,000 | 60,000 |
| | <u>737,398</u> | <u>721,042</u> |

B10. MATERIAL LITIGATION

There was no material litigation for the current financial year to date.

B11. DIVIDEND

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

B12. EARNINGS PER SHARE

| | CURRENT QUARTER | | CUMULATIVE QUARTER | |
|---|------------------------|-------------------|---------------------------|-------------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Net profit attributable to equity holders of the company (RM'000) | | | | |
| - Continuing operations | (52,267) | (6,911) | (12,513) | 27,538 |
| - Discontinued operations | 273,346 | 9,561 | 288,739 | 39,337 |
| | <u>221,079</u> | <u>2,650</u> | <u>276,226</u> | <u>66,875</u> |
| Weighted average number of ordinary shares in issue ('000) | 1,109,067 | 1,114,570 | 1,109,620 | 1,123,309 |
| Basic/diluted earnings per ordinary share (sen) | | | | |
| - Continuing operations | (4.71) | (0.62) | (1.13) | 2.45 |
| - Discontinued operations | 24.65 | 0.86 | 26.02 | 3.50 |
| | <u>19.93</u> | <u>0.24</u> | <u>24.89</u> | <u>5.95</u> |

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

B13. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.