

Sports Toto Berhad

Company Registration No. : 196901000688 (9109-K)

Date: 23 May 2023

Subject: **UNAUDITED (Q3) INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023**

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SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Group	
	31-3-2023	(Audited) 30-6-2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	502,606	398,261
Right-of-use assets	267,024	297,176
Other investments	85,671	80,868
Investment properties	117,022	116,766
Investment in associated companies	113,669	103,591
Deferred tax assets	24,278	18,284
Retirement benefit assets	25,948	25,294
Intangible assets	714,906	696,603
	1,851,124	1,736,843
Current assets		
Inventories	608,596	401,848
Receivables	560,382	535,966
Contract assets	13,514	4,740
Tax recoverable	11,497	15,596
Short term investments	55,098	-
Deposits, cash and bank balances	558,921	558,830
	1,808,008	1,516,980
Non-current asset classified as held for sale	-	6,986
	1,808,008	1,523,966
TOTAL ASSETS	3,659,132	3,260,809
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	135,103	135,103
Reserves	299,139	275,904
Retained earnings	543,320	507,585
Equity funds	977,562	918,592
Less : Treasury shares	(4,817)	(23,626)
Net equity funds	972,745	894,966
Non-controlling interests	67,557	61,926
Total equity	1,040,302	956,892
Non-current liabilities		
Retirement benefit obligations	498	455
Borrowings	1,015,064	963,534
Deferred tax liabilities	36,700	29,762
Lease liabilities	180,282	212,722
Contract liabilities	-	84
Other long term liabilities	39,546	36,031
	1,272,090	1,242,588
Current liabilities		
Provisions	15,585	15,205
Borrowings	437,728	274,212
Payables	517,035	420,099
Contract liabilities	323,913	292,069
Lease liabilities	34,102	36,410
Tax payable	18,377	23,334
	1,346,740	1,061,329
Total liabilities	2,618,830	2,303,917
TOTAL EQUITY AND LIABILITIES	3,659,132	3,260,809
Net assets per share (RM)	0.72	0.67

Note:

The net assets per share is calculated based on the following:

Net equity funds divided by the number of shares in issue with voting rights.

The annexed notes form an integral part of this interim financial report.

SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Current Interim Period			Cumulative Period		
	3-Month 1-1-2023 to 31-3-2023 RM'000	3-Month 1-1-2022 to 31-3-2022 RM'000	+/<-> %	9-Month 1-7-2022 to 31-3-2023 RM'000	9-Month 1-7-2021 to 31-3-2022 RM'000	+/<-> %
Revenue	1,655,218	1,728,430	(4.2)	4,482,479	3,771,374	18.9
Profit from operations	49,686	132,154	(62.4)	254,053	217,272	16.9
Investment related income	6,940	4,492	54.5	30,784	14,006	119.8
Investment related expenses	-	-	-	-	(542)	(100.0)
Finance costs	(22,035)	(16,229)	35.8	(56,895)	(46,702)	21.8
Share of results of associated companies	5,362	1,977	171.2	14,175	5,749	146.6
Profit before tax	39,953	122,394	(67.4)	242,117	189,783	27.6
Income tax expenses	(15,775)	(39,402)	(60.0)	(79,624)	(66,503)	19.7
Profit for the period	24,178	82,992	(70.9)	162,493	123,280	31.8
Profit attributable to:						
Owners of the parent	23,222	79,561	(70.8)	159,576	115,155	38.6
Non-controlling interests	956	3,431	(72.1)	2,917	8,125	(64.1)
	24,178	82,992	(70.9)	162,493	123,280	31.8
Earnings per share (sen)						
Attributable to owners of the parent						
- Basic	1.72	5.93		11.86	8.58	
Dividend per share (sen)						
- First interim	-	-		2.0	1.0	
- Second interim	-	-		2.5	1.0	
- Third interim	2.0	2.0		2.0	2.0	

The annexed notes form an integral part of this interim financial report.

SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Interim Period			Cumulative Period		
	3-Month 1-1-2023 to 31-3-2023 RM'000	3-Month 1-1-2022 to 31-3-2022 RM'000	+/<-> %	9-Month 1-7-2022 to 31-3-2023 RM'000	9-Month 1-7-2021 to 31-3-2022 RM'000	+/<-> %
Profit for the period	24,178	82,992	(70.9)	162,493	123,280	31.8
Other comprehensive items:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation	22,103	(8,626)	N/A	17,391	(38,131)	N/A
Share of an associated company's currency translation differences	(55)	326	N/A	60	(177)	N/A
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Net changes in fair value of investments classified as fair value through other comprehensive income ("FVTOCI")	(604)	1,782	N/A	8,133	10,597	(23.3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,622	76,474	(40.3)	188,077	95,569	96.8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the parent	41,537	74,437	(44.2)	182,446	91,468	99.5
Non-controlling interests	4,085	2,037	100.5	5,631	4,101	37.3
	45,622	76,474	(40.3)	188,077	95,569	96.8

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**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the parent									Total to owners of company RM'000	Non-controlling interests RM'000	Total equity RM'000		
	Non-distributable						Distributable		Total to owners of company RM'000				Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Capital reserve RM'000	Consolidation reserve RM'000	Retained earnings RM'000	Retained earnings RM'000						
As at 1 July 2022	135,103	(23,626)	92,516	(37,362)	285,306	(64,556)	507,585	894,966	61,926	956,892				
Profit for the period	-	-	-	-	-	-	159,576	159,576	2,917	162,493				
Other comprehensive income for the period	-	-	15,706	7,164	-	-	-	22,870	2,714	25,584				
Total comprehensive income for the period	-	-	15,706	7,164	-	-	159,576	182,446	5,631	188,077				
Effects arising from disposal of investments at FVTOCI	-	-	-	365	-	-	(365)	-	-	-				
Transactions with owners:														
Dividends	-	-	-	-	-	-	(100,904)	(100,904)	-	(100,904)				
Purchase of treasury shares	-	(3,763)	-	-	-	-	-	(3,763)	-	(3,763)				
Distribution of share dividend	-	22,572	-	-	-	-	(22,572)	-	-	-				
	-	18,809	-	-	-	-	(123,476)	(104,667)	-	(104,667)				
As at 31 March 2023	135,103	(4,817)	108,222	(29,833)	285,306	(64,556)	543,320	972,745	67,557	1,040,302				
As at 1 July 2021	135,103	(18,631)	126,660	(50,825)	285,306	(59,397)	393,106	811,322	63,783	875,105				
Profit for the period	-	-	-	-	-	-	115,155	115,155	8,125	123,280				
Other comprehensive income for the period	-	-	(33,392)	9,705	-	-	-	(23,687)	(4,024)	(27,711)				
Total comprehensive income for the period	-	-	(33,392)	9,705	-	-	115,155	91,468	4,101	95,569				
Effects arising from disposal of investments at FVTOCI	-	-	-	(1,057)	-	-	1,057	-	-	-				
Transactions with owners:														
Dividends	-	-	-	-	-	-	(26,838)	(26,838)	-	(26,838)				
Arising from increase in equity interest in a subsidiary company	-	-	-	-	-	(5,432)	-	(5,432)	(2,164)	(7,596)				
	-	-	-	-	-	(5,432)	(26,838)	(32,270)	(2,164)	(34,434)				
As at 31 March 2022	135,103	(18,631)	93,268	(42,177)	285,306	(64,829)	482,480	870,520	65,720	936,240				

The annexed notes form an integral part of this interim financial report.

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**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	9-Month Financial period ended 31-3-2023 RM'000	9-Month Financial period ended 31-3-2022 RM'000
OPERATING ACTIVITIES		
Receipts from customers	4,750,991	4,006,186
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(4,656,424)	(3,760,433)
Other receipts	2,057	7,925
Net cash from operating activities	96,624	253,678
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	8,042	1,270
Proceeds from disposal of long term investments	4,861	18,042
Acquisition of property, plant and equipment	(115,623)	(98,870)
Acquisition of additional equity interest in an associated company	-	(2,848)
Acquisition of investments in subsidiary companies	(3,891)	(7,596)
Acquisition of long term investments	(274)	(277)
Acquisition of short term investments	(40,000)	-
Dividend received	6,346	6,719
Interest received	12,914	2,177
Net repayment from associated companies by a foreign subsidiary company	1,682	1,748
Other receipts arising from investments	474	486
Net cash used in investing activities	(125,469)	(79,149)
FINANCING ACTIVITIES		
Treasury shares acquired	(3,763)	-
Drawdown of borrowings	224,200	226,774
Repayment of borrowings	(18,994)	(36,260)
Payment of hire purchase liabilities	(272)	(351)
Payment of lease liabilities	(31,444)	(26,318)
Net advances from/(repayment to) an associated company by a foreign subsidiary company	2,212	(11,634)
Dividends paid to shareholders of the Company	(93,964)	(33,564)
Withdrawal from debt service reserve accounts	375	-
Interest paid	(53,805)	(47,407)
Net cash from financing activities	24,545	71,240
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,300)	245,769
CASH & CASH EQUIVALENTS AT 1 JULY	556,942	363,624
Effects of exchange rate changes	4,766	(7,189)
CASH & CASH EQUIVALENTS AT 31 MARCH	557,408	602,204
	Financial period ended 31-3-2023 RM'000	Financial period ended 31-3-2022 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	206,919	283,805
Deposits with financial institutions	352,002	318,530
	558,921	602,335
Excluding : Cash and cash equivalents restricted for use	(1,513)	(131)
	557,408	602,204

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UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023**NOTES TO THE INTERIM FINANCIAL REPORT**

- A1 The condensed consolidated interim financial report is not audited and has been prepared in compliance with MFRS 134, Interim Financial Reporting Standards in Malaysia, International Accounting Standards 34 - Interim Financial Reporting, the Companies Act 2016 in Malaysia and applicable disclosure provision of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Group since the financial year ended 30 June 2022.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022 except for the adoption of the new or revised standards and amendments to standards.

The Group has not early adopted new or revised standards or amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2022.

The initial application of the MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

- A2 Our business operations are not significantly affected by seasonal or cyclical factors except for our toto betting operations that may be positively impacted by the festive seasons.
- A3 There were no other unusual items as a result of their nature, size or incidence that had affected assets, liabilities, equity, net income or cash flows for the financial period ended 31 March 2023.

There were no changes in estimates reported in the prior financial year that had a material effect in the current financial period ended 31 March 2023.

- A4 The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the financial period ended 31 March 2023.

The details of the share buy-back are as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
November 2022	1.77	1.80	1.80	1,100,000	1,975
March 2023	1.40	1.46	1.43	1,252,000	1,788
TOTAL			1.60	2,352,000	3,763

The number of treasury shares held in hand as at 31 March 2023 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 July 2022	2.03	11,658,072	23,626
Distribution of treasury shares as share dividend	(2.03)	(11,137,870)	(22,572)
Increase in treasury shares	1.60	2,352,000	3,763
Total treasury shares as at 31 March 2023	1.68	2,872,202	4,817

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**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
NOTES TO THE INTERIM FINANCIAL REPORT**

A4 As at 31 March 2023, the number of outstanding shares in issue with voting rights was 1,348,157,870 ordinary shares (31 March 2022 : 1,341,900,000 ordinary shares).

Subsequent to the financial period ended 31 March 2023 and up to the date of this report, the Company bought back additional shares with details as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
April 2023	1.43	1.43	1.44	50,000	72
TOTAL			1.44	50,000	72

The number of treasury shares held in hand as at 22 May 2023 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 31 March 2023	1.68	2,872,202	4,817
Increase in treasury shares	1.44	50,000	72
Total treasury shares as at 22 May 2023	1.67	2,922,202	4,889

A5 During the current period ended 31 March 2023 and up to the date of this report, the Company paid and distributed the following dividends:

- (a) third interim dividend on 22 July 2022, in respect of financial year ended 30 June 2022, of 2.0 sen per share on 1,339,372,000 ordinary shares with voting rights amounting to RM26.79 million.
- (b) fourth interim dividend on 21 October 2022, in respect of financial year ended 30 June 2022:
 - (i) 3.0 sen cash dividend per share on 1,339,372,000 ordinary shares with voting rights amounting to RM40.18 million; and
 - (ii) share dividend equivalent to 1.7 sen per share, via distribution of 11,137,870 treasury shares on the basis of 1 treasury share for every 120 ordinary shares held, credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd. The book cost of the share dividend was RM22.57 million.
- (c) first interim dividend on 20 January 2023, in respect of financial year ending 30 June 2023, of 2.0 sen per share on 1,349,409,870 ordinary shares with voting rights amounting to RM26.99 million.
- (d) second interim dividend on 21 April 2023, in respect of financial year ending 30 June 2023, of 2.5 sen per share on 1,348,157,870 ordinary shares with voting rights amounting to RM33.70 million.

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**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
NOTES TO THE INTERIM FINANCIAL REPORT**

A6 Segmental revenue and results for the current financial period ended 31 March 2023 were as follows:

REVENUE

	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting	2,183,155	-	2,183,155
Motor dealership	2,178,259	204	2,178,463
Others	121,065	4,154	125,219
Elimination : Intersegment Revenue	-	(4,358)	(4,358)
	<u>4,482,479</u>	<u>-</u>	<u>4,482,479</u>

RESULTS

	Total RM'000
Toto betting	227,541
Motor dealership	30,383
Others	<u>7,264</u>
	265,188
Unallocated corporate expenses	<u>(11,135)</u>
Profit from operations	254,053
Interest income	15,308
Investment related income (other than interest income)	15,476
Finance costs	(56,895)
Share of results of associated companies	<u>14,175</u>
Profit before tax	242,117
Income tax expenses	<u>(79,624)</u>
Profit for the period	<u><u>162,493</u></u>

A7 There were no significant events since the end of this current period under review that have not been reflected in the financial statements for this current financial period under review.

A8 There were no changes in the composition of the Group for the current period ended 31 March 2023 up to the date of this report including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than as disclosed below:

- (a) The Group has struck off the following dormant wholly-owned subsidiary companies from the respective country Registrar of Companies and dissolved accordingly:
- London Lotus Centre Limited in United Kingdom, dissolved on 26 July 2022;
 - H.R. Owen Leasing Limited, H.R. Owen Motor Dealerships Limited, H.R. Owen Motor Properties Limited and H.R. Owen Vehicle Leasing company Limited in United Kingdom, dissolved on 9 August 2022;
 - Netprofit.com Limited in United Kingdom, dissolved on 20 September 2022; and
 - FEAB Equity Sdn Bhd in Malaysia, dissolved on 8 November 2022.

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UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023 NOTES TO THE INTERIM FINANCIAL REPORT

- A8 (b) On 31 August 2022, H.R. Owen Plc, a subsidiary company of the Group, acquired two (2) wholly-owned subsidiary companies namely H.R. Owen Servicing And Repairs Limited (formerly known as Joe Macari Servicing Limited) and J M Developments (UK) Limited for a total consideration of £3.0 million (equivalent to approximately RM15.6 million). An initial sum of £750,000 (equivalent to approximately RM3.9 million) was paid during the current period and the remaining sum to be paid over 3 years from the date of completion. The principal activities of the subsidiary companies are maintenance and repair of motor vehicles and property investment respectively.
- (c) On 1 November 2022, the Company announced the creditors' voluntary winding-up of its wholly-owned subsidiary companies namely Sports Toto Apparel Sdn Bhd ("STA") and Sports Toto Products Sdn Bhd ("STP"), pursuant to Section 440(1) of the Companies Act 2016. Both STA and STP have ceased operations and are currently dormant.
- (d) On 21 December 2022, Berjaya Philippines Inc. ("BPI"), a 88.26% owned subsidiary company of the Group disposed of a total of 9,600,000 ordinary shares in REDtone Digital Berhad ("REDtone") representing 1.24% equity interest in REDtone for a total cash consideration of Peso60.2 million (equivalent to RM4.8 million). Following the disposal, BPI retains 15,832,000 REDtone shares, representing 2.05% equity interests in REDtone.
- A9 There were no significant changes in contingent liabilities since the last annual reporting date as at 30 June 2022.
- A10 There were no material changes in capital commitments since the last annual reporting date as at 30 June 2022.

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**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B1 The Group's core business is in the number forecast operation ("NFO") which includes toto betting and other related ancillary businesses. The Group also has strategic investments in auto retailing and provision of aftersales services and hospitality sector. The key factors (other than general economic conditions) affecting the performance of the operations of the core business in the Group are disposable income of the general public, Jackpot cycles, luck factor, illegal gaming operations and the number of draws in the current year whilst auto retailing business is affected by the trend as well as supply chain in prestige and specialist cars in the United Kingdom ("UK").

The summary results of the Group are as follows:

	3-Month		+/-<-> %
	1-1-2023 to 31-3-2023 RM'000	1-1-2022 to 31-3-2022 RM'000	
Revenue	<u>1,655,218</u>	<u>1,728,430</u>	(4.2)
Profit from operations	<u>49,686</u>	<u>132,154</u>	(62.4)
Profit before tax	<u>39,953</u>	<u>122,394</u>	(67.4)

Review of Results for the Current Quarter Vs Same Quarter of Previous Year

The Group's revenue and pre-tax profit decreased by 4.2% and 67.4% respectively, as compared to the previous year corresponding quarter ended 31 March 2022. This was mainly due to the performance of STM Lottery Sdn Bhd ("STM Lottery") and H.R. Owen Plc ("H.R. Owen").

For the current quarter ended 31 March 2023, STM Lottery reported lower revenue by 11.0% as compared to the previous year corresponding quarter mainly due to lesser number of draws (i.e. 41 draws versus 43 draws in the corresponding quarter) conducted in the current quarter under review. In addition, the higher revenue reported in the previous year corresponding quarter was attributable to the Toto Supreme 6/58 lotto game reaching a record accumulated jackpot prize. The drop in pre-tax profit of 69.4% was in line with the lower revenue attained and the higher prize payout in the current quarter under review.

H.R. Owen's revenue was on par with the previous year corresponding quarter. However, the revenue dropped by 3.5% when converted into Ringgit Malaysia, being the reporting currency of the Group, due to the unfavourable foreign exchange effect. Its pre-tax profit was lower by 86.3% to RM4.9 million from RM35.8 million recorded in the previous year corresponding quarter. Used car sector profit margin softened in the current quarter from the exceptional profit level reported in the previous year corresponding quarter due to the new car supply constraints then. On top of that, the company also faced challenges on the impact of continued inflationary costs pressures and higher finance costs arising from interest rate hike in the UK.

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ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B1 For the 9-month Period ended 31 March 2023**

The summary results of the Group are as follows:

	9-Month		+ / <-> %
	1-7-2022 to 31-3-2023 RM'000	1-7-2021 to 31-3-2022 RM'000	
Revenue	<u>4,482,479</u>	<u>3,771,374</u>	18.9
Profit from operations	<u>254,053</u>	<u>217,272</u>	16.9
Profit before tax	<u>242,117</u>	<u>189,783</u>	27.6

For the current 9-month period ended 31 March 2023, the Group's revenue and pre-tax profit increased by 18.9% and 27.6% respectively. The improved results was mainly attributed to better performance attained by STM Lottery but partially set off by H.R. Owen's results in the current period under review as explained in the ensuing paragraphs.

STM Lottery registered revenue and pre-tax profit growth of 47.7% and 57.6% respectively as compared to the previous year corresponding period. The improved results was primarily attributed to the full resumption of business operation in the current period ended 31 March 2023 whilst the previous year corresponding period business operations were adversely affected following the cancellation of thirty seven (37) draws with the imposition of nationwide lockdown from 1 June 2021 to 13 September 2021.

H.R. Owen's revenue rose 2.9% in the current period ended 31 March 2023 as compared to the previous year corresponding period. However, when converted into Ringgit Malaysia, its revenue dropped by 2.8% with the unfavourable foreign exchange effect. In spite of the increase in revenue, H.R. Owen's pre-tax profit declined by 79.2% to RM15.8 million in the current period from RM76.0 million in the previous year corresponding period. The outstanding performance recorded in the previous year 9-month period benefitted from the exceptionally strong demand in used car as a result of new car supply constraints. The higher operating costs with continued inflationary pressures and higher finance costs arising from interest rate hike have further impacted the pre-tax profit reported in the current period.

SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

**UNAUDITED (Q3) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B2 Review of 3rd Quarter's Results Vs 2nd Quarter's Results of financial year ending 30 June 2023**

	3-month		+/-<-> %
	1-1-2023 to 31-3-2023 RM'000	1-10-2022 to 31-12-2022 RM'000	
Revenue	<u>1,655,218</u>	<u>1,408,159</u>	17.5
Profit from operations	<u>49,686</u>	<u>95,043</u>	(47.7)
Profit before tax	<u>39,953</u>	<u>95,969</u>	(58.4)

The Group registered an increase in revenue of 17.5% compared to the preceding quarter mainly contributed by improved sales reported by H.R. Owen. The Group's pre-tax profit dropped by 58.4% primarily due to lower results reported by STM Lottery but was mitigated by the improved results of H.R. Owen as explained in the ensuing paragraphs.

As compared to the preceding quarter ended 31 December 2022, STM Lottery registered a decrease in the revenue of 4.2%. The drop in revenue was mainly due to lower number of draws conducted, only forty one (41) draws in the current quarter as opposed to forty eight (48) draws in the preceding quarter. The lower pre-tax profit by 69.0% in the current quarter was mainly due to the higher prize payout in the current quarter under review.

H.R. Owen's revenue was higher by 38.7% to RM863.7 million in the current quarter from RM622.5 million as reported in the preceding quarter. The higher revenue achieved was attributed to higher number of vehicles sold from both new and used car sectors in the current quarter under review. H.R Owen recorded a pre-tax profit of RM4.9 million in the current quarter as opposed to pre-tax loss of RM0.8 million in the preceding quarter. The improved results aligned with the stronger revenue attained but partially offset by higher operating costs due to inflationary pressures and also higher finance costs driven by interest rate hike in the UK.

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Malaysia's gross domestic product (GDP) growth is expected to moderate in year 2023. The NFO business industry in Malaysia continues to be vigilant and to navigate carefully through changes in the local government policies. Nevertheless, the management is cautiously optimistic that the NFO business will continue to improve the per draw sales growth supported by stronger consumer spending, rebound of tourism activities and better-than-expected labour market conditions. On the Group basis, the management will remain cautious and continue to monitor the resultant financial impact to operations from the global and local political and economic development particularly in the countries that the Group has operations.

The Directors anticipate that the Group's businesses will remain encouraging and steadfast, particularly with the resilient nature of the NFO business as noted in the past economic crises and turbulent periods. Barring any unforeseen circumstances, the Directors are confident that it will continue its lead in terms of market share in the NFO business for the remaining quarter of the financial year ending 30 June 2023.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period under review.

B5 Taxation

	Current quarter RM'000	Period ended 31 March 2023 RM'000
<u>Based on the results for the current quarter/period</u>		
- Malaysian income tax	10,202	73,952
- Foreign country income tax	3,961	8,240
Deferred tax		
- Origination and reversal of temporary differences	1,612	(2,568)
	<u>15,775</u>	<u>79,624</u>

The disproportionate tax charge of the Group for the current period ended 31 March 2023 was mainly due to certain expenses being disallowed for taxation purposes and profits in certain subsidiary companies are separately assessed for tax and not relieved by losses in other companies within the Group.

B6 There were no corporate proposals announced but not completed as at the date of this announcement.

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B7 The Group's borrowings as at 31 March 2023 were as follows:

	Foreign currency amount '000	At end of current period RM'000
<u>Secured</u>		
<u>Long term borrowings</u>		
Medium Term Notes - Denominated in Ringgit Malaysia		773,960
Term loans - Denominated in Philippine Peso	41,667 *	3,384
Term loans - Denominated in Great Britain Pound	28,202 *	154,524
Revolving credit - Denominated in Ringgit Malaysia		82,500
Hire purchase payable - Denominated in Ringgit Malaysia		696
Total long term borrowings		<u>1,015,064</u>
<u>Short term borrowings</u>		
Medium Term Notes - Denominated in Ringgit Malaysia		25,000
Revolving credit - Denominated in Ringgit Malaysia		12,500
Term loans - Denominated in Philippine Peso	117,500 *	9,545
Term loan - Denominated in Great Britain Pound	1,383 *	7,575
Vehicle stocking loans - Denominated in Great Britain Pound	69,863 *	382,779
Hire purchase payable - Denominated in Ringgit Malaysia		329
Total short term borrowings		<u>437,728</u>
Total borrowings		<u><u>1,452,792</u></u>

* Converted at the respective exchange rates prevailing as at 31 March 2023

B8 There is no pending material litigation since the last annual reporting date up to the date of this announcement.

B9 The Board has declared a third interim dividend of 2.0 sen per share (Financial year 2022 : third interim dividend of 2.0 sen per share) in respect of financial year ending 30 June 2023 and payable on 21 July 2023. The entitlement date has been fixed on 30 June 2023.

Based on 1.35 billion fully paid ordinary shares in issue with voting rights as at 22 May 2023, the third interim dividend distribution for the financial year ending 30 June 2023 will amount to RM27.0 million. With this, the total dividend distribution for the financial period ended 31 March 2023 is approximately RM87.7 million.

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B10 The earnings per share is calculated by dividing profit attributable to owners of the parent of the Company by the weighted average number of ordinary shares with voting rights as follows:

	Group	
	<u>3-month period</u>	<u>3-month period</u>
	1-1-2023 to 31-3-2023	1-1-2022 to 31-3-2022
Profit attributable to owners of the parent (RM'000)	23,222	79,561
Weighted average number of shares with voting rights ('000)	1,349,227	1,341,900
Basic earnings per share (sen)	1.72	5.93

	Group	
	<u>9-month period</u>	<u>9-month period</u>
	1-7-2022 to 31-3-2023	1-7-2021 to 31-3-2022
Profit attributable to owners of the parent (RM'000)	159,576	115,155
Weighted average number of shares with voting rights ('000)	1,345,303	1,341,900
Basic earnings per share (sen)	11.86	8.58

Diluted earnings per share is the same as basic earnings per share as there were no potentially dilutive ordinary shares during the current quarter and period.

B11 Profit before tax is stated after charging/(crediting):

	Current	Financial period
	quarter	ended
	RM'000	31 March 2023 RM'000
Interest income	(5,290)	(15,308)
Other income excluding dividend and interest income	(2,180)	(8,801)
Depreciation of property, plant and equipment	6,022	19,754
Depreciation of right-of-use assets	10,030	30,419
Amortisation of intangible assets	188	577
Fair value gain on investments at FVTPL	(1,528)	(14,889)
Gain on disposal of non-current asset classified as held for sale	(493)	(493)
Foreign exchange gain (net)	(363)	(417)
Provision/(Reversal) of allowance for impairment on receivables (net)	71	(208)
(Reversal)/Provision for write down of inventories (net)	(1,713)	3,210