

Berjaya Food Berhad

Registration Number: 200901032946 (876057-U)

Date: 11 November 2021

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 30 SEPTEMBER 2021**

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BERJAYA FOOD BERHAD**Registration Number: 200901032946 (876057-U)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	<u>Current Quarter</u>	
	3 months ended	
	30/09/2021	30/09/2020
	RM'000	RM'000
REVENUE	187,719	180,722
PROFIT FROM OPERATIONS	25,792	24,488
Investment related income	74	48
Investment related expenses	-	(163)
Finance cost	(6,857)	(7,384)
PROFIT BEFORE TAX	19,009	16,989
TAXATION	(7,660)	(6,613)
PROFIT AFTER TAX	11,349	10,376
OTHER COMPREHENSIVE ITEMS:		
<u>To be reclassified to profit or loss in subsequent periods:</u>		
- Foreign currency translation	(7)	(42)
- Foreign currency reserve transferred to profit or loss due to deemed disposal of a subsidiary company	-	(63)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,342	10,271
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the parent	11,625	10,372
- Non-controlling interests	(276)	4
	11,349	10,376
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	11,619	10,281
- Non-controlling interests	(277)	(10)
	11,342	10,271
EARNINGS PER SHARE (SEN)		
-Basic, for the period	3.26	2.93
-Diluted, for the period	3.24	2.92

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

BERJAYA FOOD BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2021 RM'000	As at 30/06/2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	262,828	269,017
Right-of-use assets	330,025	325,717
Deferred tax assets	3,182	3,182
Intangible assets	457,507	458,149
Receivables	21,429	22,445
	<u>1,074,971</u>	<u>1,078,510</u>
Current Assets		
Inventories	43,447	45,985
Trade and other receivables	26,340	22,650
Tax recoverable	3,020	2,760
Deposits with financial institutions	10,298	9,063
Cash and bank balances	36,185	18,684
	<u>119,290</u>	<u>99,142</u>
TOTAL ASSETS	<u>1,194,261</u>	<u>1,177,652</u>
EQUITY AND LIABILITIES		
Share capital	250,697	246,774
Reserves	177,411	170,184
	<u>428,108</u>	<u>416,958</u>
Treasury shares	(41,388)	(41,388)
	<u>386,720</u>	<u>375,570</u>
Non-controlling interests	(1,307)	(1,030)
Equity funds	<u>385,413</u>	<u>374,540</u>
Share application money	-	184
	<u>385,413</u>	<u>374,724</u>
Non-current liabilities		
Long term borrowings	116,358	116,312
Lease liabilities	291,971	278,266
Provisions	13,076	12,687
	<u>421,405</u>	<u>407,265</u>
Current Liabilities		
Payables and provisions	103,241	101,433
Short term borrowings	164,783	169,911
Taxation	98	287
Lease liabilities	55,776	64,737
Contract liabilities	63,545	59,295
	<u>387,443</u>	<u>395,663</u>
Total Liabilities	<u>808,848</u>	<u>802,928</u>
TOTAL EQUITY AND LIABILITIES	<u>1,194,261</u>	<u>1,177,652</u>
Basic net assets per share (sen)	108.05	105.56
Dilutive net assets per share (sen)	107.82	105.33

Note:

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

Basic: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights.

Dilutive: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights and the potential issue of new shares pursuant to the exercise of the Company's outstanding share options under ESS.

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

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 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent									
	Non-distributable					Distributable				
	Share capital RM'000	Employees' share plan reserve* RM'000	Consolidation reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 July 2021	246,774	3,629	729	898	(55,087)	220,015	(41,388)	375,570	(1,030)	374,540
Total comprehensive income	-	-	-	(6)	-	11,625	-	11,619	(277)	11,342
<u>Transactions with owners</u>										
ESS options exercised	3,052	-	-	-	-	-	-	3,052	-	3,052
ESS options/shares forfeited	871	(871)	-	-	-	-	-	-	-	-
Share-based payment under ESS	-	57	-	-	-	-	-	57	-	57
Interim dividends #	-	-	-	-	-	(3,578)	-	(3,578)	-	(3,578)
At 30 September 2021	<u>250,697</u>	<u>2,815</u>	<u>729</u>	<u>892</u>	<u>(55,087)</u>	<u>228,062</u>	<u>(41,388)</u>	<u>386,720</u>	<u>(1,307)</u>	<u>385,413</u>
At 1 July 2020	243,938	4,661	729	879	(55,087)	179,976	(42,145)	332,951	357	333,308
Total comprehensive income	-	-	-	(91)	-	10,372	-	10,281	(10)	10,271
<u>Transactions with owners</u>										
Adjustment in relation to deemed disposal of equity interest in subsidiary companies	-	-	-	-	-	-	-	-	(53)	(53)
Arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	-	118	118
ESS options/shares forfeited	17	(17)	-	-	-	-	-	-	-	-
Share-based payment under ESS	-	194	-	-	-	-	-	194	-	194
At 30 September 2020	<u>243,955</u>	<u>4,838</u>	<u>729</u>	<u>788</u>	<u>(55,087)</u>	<u>190,348</u>	<u>(42,145)</u>	<u>343,426</u>	<u>412</u>	<u>343,838</u>

* Employees' share plan reserve represents reserve relating to Employees' share scheme ("ESS")

Refer to Note A6.

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	30/09/2021	30/09/2020
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	187,323	182,918
Payments to suppliers and operating expenses	(128,911)	(155,232)
Payment of taxes	(8,163)	(2,156)
Other receipts	634	-
Net cash generated from operating activities	<u>50,883</u>	<u>25,530</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	60	75
Acquisition of property, plant and equipment	(1,925)	(3,000)
Acquisition of intangible assets	(113)	(223)
Acquisition of investment in subsidiary company	-	(170)
Interest received	74	48
Net cash used in investing activities	<u>(1,904)</u>	<u>(3,270)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	2,868	-
Dividends paid	(3,578)	-
Interest paid	(6,791)	(7,586)
Payment of principal portion of lease liabilities	(17,588)	(16,821)
Drawdown of bank borrowings	23,725	11,078
Repayment of bank borrowings	(28,344)	(7,534)
Payment of hire purchase	(516)	(208)
Net placement in bank as security pledged for borrowing	(35)	(31)
Net cash used in financing activities	<u>(30,259)</u>	<u>(21,102)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	18,720	1,158
OPENING CASH AND CASH EQUIVALENTS	18,684	18,658
Effect of exchange rate changes	(19)	(53)
CLOSING CASH AND CASH EQUIVALENTS	<u>37,385</u>	<u>19,763</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	10,298	8,379
Cash and bank balances	36,185	19,141
	46,483	27,520
Less: Deposits pledged with bank - restricted	(9,098)	(7,757)
	<u>37,385</u>	<u>19,763</u>

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting, requirements of the Companies Act 2016 and applicable disclosure provisions 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 2021. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

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 year ended 30 June 2021 except the adoption of the new or revised standards, IC Interpretation and amendments to standards.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2021.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, 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 The Group's operations are affected by major festive seasons and school holidays as well as the Muslim fasting month. In Malaysia, the major school holiday is traditionally scheduled during the second quarter, while certain festive celebrations fall during the second and third quarters of the Group's financial year. These holidays and festive celebrations will normally have a positive impact to the Group's operations in the second and third quarters of the financial year.
- A3 There was no unusual item during the financial period under review:
- A4 As at 30 September 2021, the issued ordinary share capital of the Company was RM250,697,067.

The movements during the financial period were as follows:-

	Number of ordinary shares	RM
<u>Issued share capital</u>		
As at 1 July 2021	383,686,907	246,774,008
ESS options exercised *	2,123,300	3,919,778
ESS options forfeited	-	3,281
As at 30 September 2021	<u>385,810,207</u>	<u>250,697,067</u>

Note:

- * Comprised RM3,052,044 cash subscription of share capital and RM867,734 from transfer of Employees' share plan reserves.

ESS

As at 30 September 2021, the total number of unexercised ESS options was 4,619,490 and the total number of ESS shares that have not been vested was 625,150.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

A5 There was no share buyback during the financial period ended 30 September 2021.

The number of treasury shares held in hand as at 30 September 2021 were as follows:

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 30 September 2021	1.48	27,910,800	41,388

As at 30 September 2021, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 357,899,000 (30 September 2020: 353,720,000) ordinary shares.

A6 During the financial period ended 30 September 2021, the Company paid the following dividends:

- i) Fourth interim dividend of 1.0 sen per share single-tier dividend amounting to about RM3.58 million in respect of the financial year ended 30 June 2021 on 23 September 2021.

A7 Segment information for the financial period ended 30 September 2021:-

REVENUE	Group RM'000
Malaysia	180,653
Other South-East Asian countries	7,066
Total revenue	<u>187,719</u>
RESULTS	Group RM'000
Malaysia	26,123
Other South-East Asian countries	256
	<u>26,379</u>
Unallocated corporate expenses	(587)
Profit from operations	<u>25,792</u>
Investment related income	
- Interest income	74
Finance cost	(6,857)
Profit before tax	<u>19,009</u>
Taxation	(7,660)
Profit for the period	<u>11,349</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

- A8 There were no significant events since the end of this current quarter up to the date of this announcement.
- A9 There was no change in the composition of the Group for the current period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.
- A10 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 June 2021.
- A11 There were no material changes in capital commitment since the last audited statement of financial position as at 30 June 2021.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 The Group is primarily engaged in developing and operating the "Starbucks Coffee" brand in Malaysia and Brunei, developing and operating the "Kenny Rogers Roasters" ("KRR") chain in Malaysia as well as Jollibean and various brands in Singapore. Prior to the COVID-19 pandemic, the key factors that affect the performance of the Group's businesses include mainly the festive seasons, tourism, eating out culture, raw material costs, staff costs and consumer perception. Upon the onset of the COVID-19 pandemic since 18th March 2020 till todate, certain of the aforesaid key factors are adversely impacted by the various restrictive measures implemented by the Malaysian Government to curb the COVID-19 pandemic.

The summary results of the Group are as follows:

	3 months ended		Variance %
	30/09/2021 RM'000	30/09/2020 RM'000	
Revenue	<u>187,719</u>	<u>180,722</u>	<u>4</u>
Profit from operations	<u>25,792</u>	<u>24,488</u>	<u>5</u>
Profit before tax	<u>19,009</u>	<u>16,989</u>	<u>12</u>

Review of results for the current quarter

The Group registered a revenue of RM187.72million and pre-tax profit of RM19.01 million in the current quarter ended 30 September 2021 as compared to a revenue of RM180.72 million and pre-tax profit of RM17.0 million reported in the previous year corresponding quarter.

With the gradual easing of restrictions to the general public who have been fully vaccinated against Covid-19 (thus allowing for dine-ins), the Group recorded higher same-store-sales growth particularly from the Starbucks cafe outlets, which resulted in the higher revenue recorded in the current financial quarter. The higher pre-tax profit was in tandem with the higher revenue recorded in the current financial period

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance %
	30/9/2021 RM'000	30/6/2021 RM'000	
Revenue	<u>187,719</u>	<u>180,719</u>	<u>4</u>
Profit from operations	<u>25,792</u>	<u>28,630</u>	<u>(10)</u>
Profit before tax	<u>19,009</u>	<u>22,387</u>	<u>(15)</u>

The Group reported a revenue of RM187.72 million and pre-tax profit of RM19.01 million in the current quarter as compared to a revenue of RM180.72 million and pre-tax profit of RM22.39 million reported in the preceding quarter.

The higher revenue in the current quarter under review was mainly due to the abovementioned reasons as stated in Note B1. The lower pre-tax profit registered in the current quarter compared to the preceding quarter was mainly attributed to the one-off recognition of income from the deferred revenue upon termination of old Starbucks rewards programme in the preceding quarter, as a result of early implementation of the new Starbucks rewards programme in the fourth quarter of financial year ended 30 June 2021.

B3 Future prospects

With the lifting of restrictions and the resumption of interstate and overseas travel, the directors expect the overall operating results of the Group to improve gradually for the remaining quarters of the financial year.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B4 There is no profit forecast or profit guarantee for the financial period ended 30 September 2021.

B5 The taxation charge for the current quarter and financial period ended 30 September 2021 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	7,598
- Foreign taxation	62
	<u>7,660</u>

The disproportionate tax charge of the Group for the current quarter ended 30 September 2021 was mainly due to certain expenses or losses being disallowed for tax purposes, as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B6 There were no corporate proposals announced but not completed.

B7 The Group's bank borrowings and debt securities as at 30 September 2021.

	As at 30/09/2021 RM'000
Short term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	164,783
Long term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	116,358
Total borrowings	<u>281,141</u>

B8 There were no material litigations for the current quarter.

B9 The Board has declared a first interim dividend of 1.0 sen single-tier dividend per share (previous year corresponding quarter ended 30 September 2020: first interim dividend of 0.50 sen single-tier dividend per share) in respect of financial year ending 30 June 2022 to be payable on 30 December 2021. The entitlement date has been fixed on 15 December 2021.

A Depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 15 December 2021 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B10 Profit before tax is stated after charging/(crediting):

	For the current quarter RM'000
Interest income	(74)
Loss on disposal of property, plant and equipment	23
Write down of property, plant and equipment	216
Depreciation of property, plant and equipment	11,114
Depreciation of right-of-use assets	18,620
Amortisation of intangible assets	587
Foreign exchange loss/(gain), net	<u>346</u>

B11 The basic and diluted earnings per share are calculated as follows:

	Group (3-month period)			
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 Sen	30/09/2020 Sen
Net profit for the quarter (RM'000)	<u>11,625</u>	<u>10,372</u>		
Weighted average number of ordinary shares in issue ('000)	<u>356,905</u>	<u>353,720</u>		
Basic earnings per share (Sen)			<u>3.26</u>	<u>2.93</u>
Net profit for the quarter (RM'000)	<u>11,625</u>	<u>10,372</u>		
Number of shares used in the calculation of basic earnings per share ('000)	356,905	353,720		
Number of shares to be issued pursuant to				
ESS options - 1st offer ('000)	1,287	-		
ESS options - 2nd offer ('000)	-	-		
ESS options - 3rd offer ('000)	30	-		
Number of shares assuming				
ESS shares are vested - 1st offer ('000)	559	1,037		
ESS shares are vested - 2nd offer ('000)	46	83		
ESS shares are vested - 3rd offer ('000)	20	36		
	<u>358,847</u>	<u>354,876</u>		
Diluted earnings per share (Sen)			<u>3.24</u>	<u>2.92</u>

c.c. Securities Commission