

Berjaya Food Berhad

Registration Number: 200901032946 (876057-U)

Date: 13 February 2023

Subject: **UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 DECEMBER 2022**

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BERJAYA FOOD BERHAD**Registration Number: 200901032946 (876057-U)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

	Current Quarter		Financial Period To Date	
	3 months ended		6 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
REVENUE	295,322	272,754	578,372	460,473
PROFIT FROM OPERATIONS	58,676	67,001	113,451	92,793
Investment related income	89	87	1,835	161
Finance cost	(6,701)	(6,808)	(13,194)	(13,665)
PROFIT BEFORE TAX	52,064	60,280	102,092	79,289
TAXATION	(17,231)	(21,654)	(33,192)	(29,314)
PROFIT AFTER TAX	34,833	38,626	68,900	49,975
OTHER COMPREHENSIVE ITEM:				
<u>To be reclassified to profit or loss in subsequent periods:</u>				
- Foreign currency translation	(9)	2	29	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>34,824</u>	<u>38,628</u>	<u>68,929</u>	<u>49,970</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the parent	35,488	38,878	70,186	50,503
- Non-controlling interests	(655)	(252)	(1,286)	(528)
	<u>34,833</u>	<u>38,626</u>	<u>68,900</u>	<u>49,975</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	35,500	38,881	70,272	50,500
- Non-controlling interests	(676)	(253)	(1,343)	(530)
	<u>34,824</u>	<u>38,628</u>	<u>68,929</u>	<u>49,970</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	<u>2.02</u>	<u>2.16</u>	<u>3.98</u>	<u>2.81</u>

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 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2022 RM'000	As at 30/06/2022 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	308,847	293,433
Right-of-use assets	402,929	381,093
Investment in joint venture	5,000	-
Deferred tax assets	7,098	7,322
Intangible assets	466,915	459,723
Receivables	17,636	18,774
	<u>1,208,425</u>	<u>1,160,345</u>
Current Assets		
Inventories	59,458	51,800
Trade and other receivables	36,324	56,906
Tax recoverable	652	581
Short term investment	-	25,758
Deposits with financial institutions	9,301	10,607
Cash and bank balances	28,980	32,337
	<u>134,715</u>	<u>177,989</u>
TOTAL ASSETS	<u>1,343,140</u>	<u>1,338,334</u>
EQUITY AND LIABILITIES		
Share capital	257,920	257,920
Reserves	329,577	275,157
	<u>587,497</u>	<u>533,077</u>
Treasury shares	(85,328)	(45,437)
	<u>502,169</u>	<u>487,640</u>
Non-controlling interests	(4,311)	(2,968)
Equity funds	<u>497,858</u>	<u>484,672</u>
Non-current liabilities		
Long term borrowings	69,866	94,931
Lease liabilities	361,944	338,010
Provisions	14,331	12,823
	<u>446,141</u>	<u>445,764</u>
Current Liabilities		
Payables and provisions	156,853	140,773
Short term borrowings	82,424	110,557
Taxation	14,719	14,429
Lease liabilities	65,654	65,662
Contract liabilities	79,491	76,477
	<u>399,141</u>	<u>407,898</u>
Total Liabilities	<u>845,282</u>	<u>853,662</u>
TOTAL EQUITY AND LIABILITIES	<u>1,343,140</u>	<u>1,338,334</u>

Basic net assets per share (sen)

28.63

27.05

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.

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

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 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022
 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 2022	257,920	-	729	903	(55,087)	328,612	(45,437)	487,640	(2,968)	484,672
Total comprehensive income	-	-	-	86	-	70,186	-	70,272	(1,343)	68,929
<u>Transactions with owners</u>										
Treasury shares acquired	-	-	-	-	-	-	(39,891)	(39,891)	-	(39,891)
Interim dividends #	-	-	-	-	-	(15,852)	-	(15,852)	-	(15,852)
At 31 December 2022	<u>257,920</u>	<u>-</u>	<u>729</u>	<u>989</u>	<u>(55,087)</u>	<u>382,946</u>	<u>(85,328)</u>	<u>502,169</u>	<u>(4,311)</u>	<u>497,858</u>
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	-	-	-	(3)	-	50,503	-	50,500	(530)	49,970
<u>Transactions with owners</u>										
Reissued for ESS shares vested	-	(958)	-	-	-	34	924	-	-	-
ESS options exercised	10,767	(2,379)	-	-	-	-	-	8,388	-	8,388
ESS options/shares forfeited	12	(12)	-	-	-	-	-	-	-	-
Share-based payment under ESS	-	87	-	-	-	-	-	87	-	87
ESS expired	367	(367)	-	-	-	-	-	-	-	-
Interim dividends	-	-	-	-	-	(7,200)	-	(7,200)	-	(7,200)
At 31 December 2021	<u>257,920</u>	<u>-</u>	<u>729</u>	<u>895</u>	<u>(55,087)</u>	<u>263,352</u>	<u>(40,464)</u>	<u>427,345</u>	<u>(1,560)</u>	<u>425,785</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.

BERJAYA FOOD BERHAD**Registration Number: 200901032946 (876057-U)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	576,983	463,005
Payments to suppliers and operating expenses	(390,480)	(285,471)
Payment of taxes	(32,311)	(13,523)
Other receipts	117	1,344
Net cash generated from operating activities	<u>154,309</u>	<u>165,355</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3	120
Disposal of short term investment	27,418	-
Acquisition of property, plant and equipment	(34,518)	(18,102)
Subscription of shares in joint venture	(5,000)	-
Acquisition of intangible assets	(8,385)	(1,912)
Interest received	175	161
Withdrawal from un-invested fund placed with a related company	22,467	-
Net cash generated from/(used in) investing activities	<u>2,160</u>	<u>(19,733)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	8,204
Treasury shares acquired	(39,891)	-
Dividends paid	(15,852)	(7,200)
Interest paid	(13,114)	(13,543)
Payment of principal portion of lease liabilities	(34,310)	(34,567)
Drawdown of bank borrowings	45,000	23,725
Repayment of bank borrowings	(102,500)	(116,885)
Payment of hire purchase	(831)	(1,039)
Net placement in bank as security pledged for borrowings	(98)	(36)
Net cash used in financing activities	<u>(161,596)</u>	<u>(141,341)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(5,127)</u>	<u>4,281</u>
OPENING CASH AND CASH EQUIVALENTS	<u>33,741</u>	<u>18,684</u>
Effect of exchange rate changes	366	(1)
CLOSING CASH AND CASH EQUIVALENTS	<u><u>28,980</u></u>	<u><u>22,964</u></u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	9,301	10,832
Cash and bank balances	<u>28,980</u>	<u>21,231</u>
	38,281	32,063
Less: Deposits pledged with bank - restricted	<u>(9,301)</u>	<u>(9,099)</u>
	<u><u>28,980</u></u>	<u><u>22,964</u></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 31 DECEMBER 2022

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 2022. 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 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 year ended 30 June 2022 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 2022.

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 31 December 2022, the issued ordinary share capital of the Company was RM257,920,251.

The movements during the financial period were as follows:-

	Number of ordinary shares	RM
<u>Issued share capital</u>		
As at 1 July 2022	389,526,557	257,920,251
Bonus issue on the basis of four for every one existing ordinary share held on 5 September 2022 ("Bonus Shares")	*	-
As at 31 December 2022	<u>1,947,632,785</u>	<u>257,920,251</u>

Note:

- * On 6 September 2022, the Company announced that the issuance of Bonus Shares was completed following the listing of and quotation for the 1,558,106,228 shares on the main Market of Bursa Securities.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A5 The details of the share buyback during the financial period ended 31 December 2022 were as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
July 2022	0.74	0.83	0.80	# 29,814,500	23,991
August 2022	0.77	0.80	0.79	# 2,675,000	2,100
September 2022	0.81	0.90	0.87	# 15,940,000	13,800
			0.82	# 48,429,500	39,891

The number of treasury shares held in hand as at 31 December 2022 were as follows:

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 1 July 2022	0.31	# 144,934,750	45,437
Increase in treasury shares	0.82	# 48,429,500	39,891
Total treasury shares as at 31 December 2022	0.44	# 193,364,250	85,328

The number of shares bought prior to entitlement date of the Bonus Issue has been adjusted to include bonus shares that were issued on 5 September 2022.

As at 31 December 2022, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,754,269,000 (31 December 2021: 1,811,200,000 [after adjustment for bonus issue]) ordinary shares.

A6 During the financial period ended 31 December 2022, the Company paid the following dividends:

- i) Fourth interim dividend of 0.40 sen per share single-tier dividend amounting to about RM7.081 million in respect of the financial year ended 30 June 2022 on 22 September 2022 #.
- ii) First interim dividend of 0.50 sen per share single-tier dividend amounting to about RM8.771 million in respect of the financial year ending 30 June 2023 on 20 December 2022.

The dividend per share has been adjusted for the bonus issue on the basis of four (4) bonus shares for every one (1) ordinary share of the Company.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment information for the financial period ended 31 December 2022:-

	Group RM'000
REVENUE	
Malaysia	563,337
Other South-East Asian countries	15,035
Total revenue	<u>578,372</u>
RESULTS	
Malaysia	115,161
Other South-East Asian countries	(469)
	<u>114,692</u>
Unallocated corporate expenses	(1,241)
Profit from operations	<u>113,451</u>
Investment related income	
- Interest income	175
- Fair value gain on FVTPL investments	1,660
Finance cost	(13,194)
Profit before tax	<u>102,092</u>
Taxation	(33,192)
Profit for the period	<u>68,900</u>

A8 There were no significant events since the end of this current quarter that have not been reflected in the financial statements for this current financial quarter under review.

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 2022.

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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. 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.

The summary results of the Group are as follows:

	3 months ended			6 months ended		
	31/12/2022	31/12/2021	Variance	31/12/2022	31/12/2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	<u>295,322</u>	<u>272,754</u>	<u>8</u>	<u>578,372</u>	<u>460,473</u>	<u>26</u>
Profit from operations	<u>58,676</u>	<u>67,001</u>	<u>(12)</u>	<u>113,451</u>	<u>92,793</u>	<u>22</u>
Profit before tax	<u>52,064</u>	<u>60,280</u>	<u>(14)</u>	<u>102,092</u>	<u>79,289</u>	<u>29</u>

Current quarter vs preceding year same quarter

The Group registered a revenue of RM295.32 million and pre-tax profit of RM52.06 million in the current quarter ended 31 December 2022 as compared to a revenue of RM272.75 million and pre-tax profit of RM60.28 million reported in the previous year corresponding quarter.

The higher revenue was mainly due to the opening of additional Starbucks cafes in the current quarter under review. The lower pre-tax profit for the current quarter under review was mainly due to margin compression as a result of higher operating costs incurred.

For the 6-month period

For the 6-month period ended 31 December 2022, the Group's revenue and pre-tax profit were RM578.37 million and RM102.09 million respectively as compared to a revenue and pre-tax profit of RM460.47 million and RM79.29 million respectively in the previous year corresponding period.

The higher revenue was mainly due to higher same-store-sales growth particularly from Starbucks cafe outlets as well as additional Starbucks cafes operating in Malaysia as compared to the previous year's corresponding period. The higher pre-tax profit was in tandem with the higher revenue.

B2 Review of results of current quarter vs preceding quarter

	3 months ended		
	31/12/2022	30/9/2022	Variance
	RM'000	RM'000	%
Revenue	<u>295,322</u>	<u>283,050</u>	<u>4</u>
Profit from operations	<u>58,676</u>	<u>54,775</u>	<u>7</u>
Profit before tax	<u>52,064</u>	<u>50,028</u>	<u>4</u>

The Group reported a revenue of RM295.32 million and pre-tax profit of RM52.06 million in the current quarter as compared to a revenue of RM283.05 million and pre-tax profit of RM50.03 million reported in the preceding quarter.

The higher revenue recorded was attributed to the calendar year end festive promotions, school holidays and the Christmas season in this second quarter under review. The higher pre-tax profit reported in the current quarter under review was in tandem with the higher revenue.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B3 Future prospects

The Board of Directors expects BStarbucks to maintain its revenue growth momentum, and anticipate that the operating results of the Group will remain satisfactory for the remaining quarters of financial year ending 30 June 2023, despite facing inflationary pressure on its operating costs.

B4 There is no profit forecast or profit guarantee for the financial period ended 31 December 2022.

B5 The taxation charge for the current quarter and financial period ended 31 December 2022 are detailed as follows:

	For the current quarter RM'000	Financial period ended RM'000
Group:-		
Based on the results for the period:-		
Current period provision		
- Malaysian taxation	16,871	32,726
- Foreign taxation	136	242
Deferred tax	224	224
	<u>17,231</u>	<u>33,192</u>

The disproportionate tax charge of the Group for the current quarter ended 31 December 2022 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 (a) There has been further development for those corporate proposals disclosed in Note 38 (ii) to the audited financial statements of the Company for the financial year ended 30 June 2022, except for the following:

Note 38(2) in relation to the investment in Berjaya Paris Baguette Sdn Bhd

On 23 September 2022, the Company subscribed for its 50% equity interest in Berjaya Paris Baguette Sdn Bhd (BPBSB) amounting to about RM5.0 million and as such, the paid-up share capital of BPBSB increased from RM10 to RM10.0 million accordingly.

(b) There were no corporate proposals announced but not completed.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B7 The Group's bank borrowings and debt securities as at 31 December 2022.

	As at 31/12/2022 RM'000
Short term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	82,424
Long term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	69,866
Total borrowings	<u><u>152,290</u></u>

B8 There were no material litigations for the current quarter.

B9 The Board has declared a second interim dividend of 2.0 sen single-tier dividend per share (previous year corresponding quarter ended 31 December 2021: second interim dividend of 0.20 sen single-tier dividend per share #) in respect of financial year ending 30 June 2023 to be payable on 22 March 2023. The entitlement date has been fixed on 8 March 2023. The total dividend declared for the financial period ended 31 December 2022 amounted to 2.50 sen single-tier dividend per share (previous corresponding financial period ended 31 December 2021: 0.40 sen single-tier dividend per share #).

(a) Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 8 March 2023 in respect of ordinary transfers.

(b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

The dividend per share for previous period comparative figure has been adjusted for the bonus issue on the basis of four (4) bonus shares for every one (1) ordinary share of the Company.

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

	For the current quarter RM'000	Financial period to date RM'000
Interest income	(89)	(175)
Gain on disposal of property, plant and equipment	-	-
Loss on disposal of property, plant and equipment	-	-
Write down of property, plant and equipment	374	842
Depreciation of property, plant and equipment	11,566	22,953
Depreciation of right-of-use assets	19,416	38,624
Amortisation of intangible assets	589	1,200
Impairment loss on property, plant and equipment, net	49	113
Foreign exchange (gain)/loss, net	(2,839)	(2,338)
Fair value change on the investment	-	<u><u>(1,660)</u></u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B11 The basic earnings per share is calculated as follows:

	Group (3-month period)			
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>35,488</u>	<u>38,878</u>		
Weighted average number of ordinary shares in issue with voting rights ('000) *	<u>1,754,269</u>	<u>1,803,810</u>		
Basic earnings per share (Sen)			<u>2.02</u>	<u>2.16</u>

	Group (6-month period)			
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000		Sen	
Net profit for the period (RM'000)	<u>70,186</u>	<u>50,503</u>		
Weighted average number of ordinary shares in issue with voting rights ('000) *	<u>1,761,365</u>	<u>1,794,170</u>		
Basic earnings per share (Sen)			<u>3.98</u>	<u>2.81</u>

* For the purpose of calculating earnings per share, the comparative weighted average number of shares with voting rights outstanding has been adjusted for the bonus issue on the basis of four (4) bonus shares for every one (1) existing ordinary share in the company.

c.c. Securities Commission