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MR D.I.Y. GROUP (M) BERHAD

【Company No.: 201001034084 (918007-M)】

INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

30 APRIL 2021

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Revenue	870,181	534,085	870,181	534,085
Cost of sales	(503,727)	(302,138)	(503,727)	(302,138)
Gross profit	366,454	231,947	366,454	231,947
Other operating income	3,877	2,922	3,877	2,922
Administrative expenses	(31,467)	(19,565)	(31,467)	(19,565)
Other operating expenses	(153,616)	(115,961)	(153,616)	(115,961)
Profit from operations	185,248	99,343	185,248	99,343
Finance costs	(15,417)	(18,032)	(15,417)	(18,032)
Share of profit of an associate	851	767	851	767
Profit before tax	170,682	82,078	170,682	82,078
Income tax expense	(45,891)	(23,616)	(45,891)	(23,616)
Profit for the period	124,791	58,462	124,791	58,462
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Gain/(Loss) on foreign currency translation	142	(102)	142	(102)
Other comprehensive income/(loss), net of tax	142	(102)	142	(102)
Total comprehensive income for the period	124,933	58,360	124,933	58,360
Profit attributable to:				
Owners of the Company	124,791	58,462	124,791	58,462
Non-controlling interests	-	-	-	-
	124,791	58,462	124,791	58,462
Total comprehensive income attributable to:				
Owners of the Company	124,933	58,360	124,933	58,360
Non-controlling interests	-	-	-	-
	124,933	58,360	124,933	58,360
Basic earnings per share (sen)	1.99	5,846.22 ⁽²⁾	1.99	5,846.22 ⁽²⁾
Diluted earnings per share (sen)	1.98	5,846.22 ⁽²⁾	1.98	5,846.22 ⁽²⁾

Notes:

- (1) The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) For comparative purpose, the earnings per share for individual and cumulative quarter ended 31 March 2020 had been adjusted retrospectively to reflect the subdivision of ordinary shares which was completed on 23 September 2020.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31/03/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	483,827	436,331
Intangible assets	5,615	5,041
Right-of-use assets	943,716	879,422
Investment in an associate	7,077	6,226
Deferred tax assets	16,576	17,273
	<u>1,456,811</u>	<u>1,344,293</u>
<i>Current assets</i>		
Inventories	663,343	690,047
Trade and other receivables	125,352	127,754
Cash and bank balances	200,165	90,885
	<u>988,860</u>	<u>908,686</u>
TOTAL ASSETS	<u>2,445,671</u>	<u>2,252,979</u>
EQUITY AND LIABILITIES		
<i>Equity attributable to owners of the Company</i>		
Share capital	295,625	295,625
Reserves	707,631	581,051
TOTAL EQUITY	<u>1,003,256</u>	<u>876,676</u>
LIABILITIES		
<i>Non-current liabilities</i>		
Borrowings	19,818	20,761
Lease liabilities	874,072	813,612
Provision for restoration costs	17,244	16,008
Deferred tax liabilities	2,152	2,324
	<u>913,286</u>	<u>852,705</u>
<i>Current liabilities</i>		
Trade and other payables	124,278	119,925
Borrowings	220,868	242,823
Lease liabilities	129,284	120,770
Provision for restoration costs	443	536
Current tax liabilities	54,256	39,544
	<u>529,129</u>	<u>523,598</u>
TOTAL LIABILITIES	<u>1,442,415</u>	<u>1,376,303</u>
TOTAL EQUITY AND LIABILITIES	<u>2,445,671</u>	<u>2,252,979</u>
Net assets per share attributable to owners of the Company (sen)⁽²⁾	<u>15.98</u>	<u>13.97</u>

Notes:

(1) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

(2) Computed based on total equity divided by the number of ordinary shares outstanding of 6,276,600,000.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2021	295,625	(117,450)	52	1,212	697,237	876,676
Net profit for the period	-	-	-	-	124,791	124,791
Other comprehensive income	-	-	142	-	-	142
Total comprehensive income	-	-	142	-	124,791	124,933
Transactions with owners						
ESOS share options expenses	-	-	-	1,647	-	1,647
Total transactions with owners	-	-	-	1,647	-	1,647
At 31 March 2021	295,625	(117,450)	194	2,859	822,028	1,003,256
At 1 January 2020	1,970	(117,450)	59	-	455,895	340,474
Net profit for the period	-	-	-	-	58,462	58,462
Other comprehensive loss	-	-	(102)	-	-	(102)
Total comprehensive income	-	-	(102)	-	58,462	58,360
At 31 March 2020	1,970	(117,450)	(43)	-	514,357	398,834

Note:

- (1) The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	CUMULATIVE QUARTER	
	31/03/2021	31/03/2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	170,682	82,078
Adjustments for:		
Amortisation of intangible assets	395	262
Depreciation of property, plant and equipment	16,252	11,899
Depreciation of right-of-use assets	35,220	27,488
Interest expense	15,417	18,032
Interest income	(342)	(720)
Other non-cash items	5,568	3,814
Operating profit before changes in working capital	243,192	142,853
Changes in working capital:		
Inventories	21,108	(24,755)
Trade and other receivables	675	(25,605)
Trade and other payables	(12,820)	13,195
Cash generated from operations	252,155	105,688
Tax paid	(30,802)	(26,491)
Tax refunded	132	-
Net cash from operating activities	221,485	79,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	342	720
Purchase of property, plant and equipment	(45,284)	(21,885)
Purchase of intangible assets	(981)	(342)
Proceeds from disposal of property, plant and equipment	217	75
Proceeds from disposal of intangible assets	12	-
Net cash used in investing activities	(45,694)	(21,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense paid on:		
-borrowings	(2,018)	(5,669)
-lease liabilities	(12,848)	(10,654)
Payments of lease liabilities	(28,461)	(23,071)
Placements in restricted bank balances	-	(8)
Repayments of hire purchase creditors	(116)	(141)
Repayments of term loans	(1,149)	(1,055)
Repayments of revolving credits	(18,834)	(77,500)
Net cash used in financing activities	(63,426)	(118,098)
Net increase/(decrease) in cash and cash equivalents	112,365	(60,333)
Effects of exchange rate changes on cash and cash equivalents	107	47
Cash and cash equivalents at the beginning of financial period	64,773	125,376
Cash and cash equivalents at the end of financial period	177,245	65,090

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾ (continued)

	CUMULATIVE QUARTER	
	31/03/2021	31/03/2020
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	77,971	57,975
Deposits with licensed banks	122,194	31,760
	<u>200,165</u>	<u>89,735</u>
Less: Deposits with a licensed bank with original maturity of more than three (3) months	-	(104)
Less: Restricted bank balances	-	(8,089)
Less: Bank overdraft included in borrowings	<u>(22,920)</u>	<u>(16,451)</u>
	<u>177,245</u>	<u>65,091</u>

Note:

- (1) The condensed consolidated statements of changes in cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

1. Basis of Preparation

The interim financial report of Mr D.I.Y. Group (M) Berhad (the "Company") and its subsidiaries (collectively, the "Group") is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

2. Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2020 except for the adoption of the following new accounting standards, amendments and interpretation:

2.1 New MFRS adopted during the financial period

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021 (early adopted)

3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

4. Seasonal or Cyclical Factors

The business operations of the Group typically experience higher customer traffic, transaction value and sales during weekends, public holidays, school holidays and festive periods.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

6. Material Changes in Estimates

There was no changes in estimates of amounts reported that have a material effect in the current quarter and financial period under review.

7. Debts and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current period under review.

8. Dividend

No dividend was paid during the current quarter and financial period under review.

Declared

On 17 February 2021, the Company declared a third interim single tier dividend of RM0.007 per ordinary share amounted to RM43,936,200 in respect of the financial year ended 31 December 2020, which was paid on 8 April 2021.

On 30 April 2021, the Company declared a first interim single tier dividend of RM0.008 per ordinary share amounted to RM50,212,800 in respect of the financial year ending 31 December 2021, to be paid on 17 June 2021 to shareholders of the Company whose name appear in the Record of Depositors on 21 May 2021.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

9. Segment reporting

The Group is organised into two (2) reportable segments based on their geographical locations. The reportable segments are summarised as follows:

- (i) Malaysia; and
- (ii) Brunei

The segmental information for the financial period ended 31 March 2021 is as follows:

	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
Revenue				
Sales to external customers	862,680	7,501	-	870,181
Inter-segment sales	4,002	-	(4,002)	-
Total revenue	866,682	7,501	(4,002)	870,181
Results				
Profit from operations	187,453	2,411	(4,616)	185,248
Interest expense	(15,223)	(194)	-	(15,417)
Share of profit of an associate	851	-	-	851
Profit before tax	173,081	2,217	(4,616)	170,682
Income tax expense	(45,569)	(337)	15	(45,891)
Net profit for the financial period	127,512	1,880	(4,601)	124,791
Segment assets	2,419,848	27,576	(1,753)	2,445,671
Segment liabilities	1,424,720	19,085	(1,390)	1,442,415

The segmental information for the financial period ended 31 March 2020 is as follows:

	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
Revenue				
Sales to external customers	529,698	4,387	-	534,085
Inter-segment sales	2,343	-	(2,343)	-
Total revenue	532,041	4,387	(2,343)	534,085
Results				
Profit from operations	98,453	882	8	99,343
Interest expense	(17,894)	(138)	-	(18,032)
Share of profit of an associate	767	-	-	767
Profit before tax	81,326	744	8	82,078
Income tax expense	(23,562)	(55)	1	(23,616)
Net profit for the financial period	57,764	689	9	58,462
Segment assets	1,831,094	23,660	(1,050)	1,853,704
Segment liabilities	1,444,196	11,471	(797)	1,454,870

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

10. Property, Plant and Equipment

(a) Acquisitions and disposals

On 15 January 2021, the Group has completed the acquisition of the leasehold industrial land for purchase consideration of RM12.6 million for the purpose of expanding the Group's warehousing facilities.

There was no material disposals of property, plant and equipment during the current quarter and financial period under review.

(b) Valuation

There was no valuation of property, plant and equipment in the current quarter and financial period under review as the Group has not adopted a revaluation policy on its property, plant and equipment.

11. Capital Commitments

Capital expenditure in respect of purchase of property, plant and equipment:

	31/03/2021	31/12/2020
	RM'000	RM'000
- Approved but not contracted for	67,694	108,150
- Contracted but not provided for	39,898	50,468
	<u>107,592</u>	<u>158,618</u>

12. Material Events Subsequent to the End of Financial Period

There was no material event subsequent to the end of the current quarter up to the date of the interim financial report.

13. Changes in the Composition of the Group

There was no material changes in the composition of the Group during the current quarter and financial period under review.

14. Changes in Contingent Liability

There was no material contingent liability as at the end of the current financial period and up to the date of the interim financial report.

15. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Associate:				
Purchases of equipment and computer software	2,130	835	2,130	835
Purchases of goods	1,922	1,050	1,922	1,050
Companies in which certain Directors have financial interests:				
Sales of goods	5,718	4,264	5,718	4,264
Management fees received/ receivables	1,712	972	1,712	972
Reimbursable expenses paid on behalf	-	20	-	20

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

16. Fair Value of Financial Liabilities

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

17. Performance Review

1Q2021 vs 1Q2020

The Group recorded revenue of RM870.2 million for the quarter ended 31 March 2021 ("1Q2021"), an increase of 62.9% or RM336.1 million compared to RM534.1 million recorded in the corresponding quarter in the preceding year ("1Q2020"). The significant increase in revenue was mainly driven by an increase in average monthly sales per store, as well as a 25.5% increase in the number of stores, from 628 in 1Q2020 to 788 in 1Q2021. Correspondingly, the total transaction for the period increased by 21.7% from 24.6 million to 29.9 million.

As a consequence of this rise in revenue, gross profit for 1Q2021 surged 58.0% year-on-year ("y-o-y") to RM366.5 million compared to 1Q2020. GP margin in the current quarter declined 1.3 percentage point to 42.1% compared to the corresponding quarter in 2020 mainly due to an increase in freight costs towards the end of 2020 and into the first quarter of 2021.

The Group also reported other operating income of RM3.9 million for the quarter ended 31 March 2021, mainly comprising management fees pursuant to the consultancy and shared functions agreement, as well as rental concessions received from landlords following the temporary closure of some of stores during the Movement Control Order.

Administrative and operating expenses rose 60.8% and 32.5% y-o-y respectively for 1Q2021, mainly attributed to marketing and staff costs as a result of business expansion, as well as higher depreciation of right-of-use assets incurred in line with the higher number of stores.

The Group registered a higher profit before tax ("PBT") and profit after tax of RM170.7 million and RM124.8 million respectively for 1Q2021, an increase of 108.0% and 113.5% respectively versus 1Q2020, consistent with the above-mentioned factors.

18. Comparison With Immediate Preceding Quarter's Results

The Group recorded revenue of RM870.2 million and PBT of RM170.7 million in 1Q2021 compared to revenue of RM768.3 million and PBT of RM142.5 million in the immediate preceding quarter. The increase in revenue and PBT was 13.3% and 19.8% respectively, mainly due to the increase in transactions and contributions from new stores.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

19. Prospects

The ongoing COVID-19 pandemic is expected to continue to steer global economic growth prospects in the coming quarters of 2021, as many countries still struggle to contain the rapid spread of the virus demonstrated by new waves of infections.

For 2021, Bank Negara Malaysia projected the domestic economy to grow between 6% to 7.5% for 2021, with expectations of a rebound to begin 2Q2021 and for the economy to return to pre-pandemic levels by mid-2021.

MR D.I.Y.'s growth plans continue to remain intact. This growth is driven by two main factors: positive same-store sales growth and contributions from new stores. The Group remains positive of its prospects going forward, premised on its affordable prices that make MR D.I.Y. products accessible to all, its breadth of about 18,000 product SKUs, the convenience of its 700+ outlets nationwide, and its timeless promise of unbeatable value which resonates with the masses.

In March 2021, the Group launched a 65,000 sq. ft. robotic warehouse in Malaysia, as a strategic initiative to drive efficiencies and growth. Located in Seri Kembangan, the warehouse is equipped with programmable robots that are able to fulfil online purchases 2x faster compared to manual systems. We expect the improved efficiencies, user-friendliness, and reliability of our e-commerce platform to further strengthen the brand's resonance with the Malaysian public, making us the preferred one-stop shop for all their home improvement needs.

The Group is committed to providing sustainable growth and long-term stakeholder value. Our target for 2021 is to open at least a 100 MR D.I.Y., 25 MR TOY and 50 MR DOLLAR stores nationwide.

20. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

21. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this interim financial report.

22. Profit Before Tax

Profit before tax for the current quarter and current year is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	395	262	395	262
Depreciation of property, plant and equipment	16,252	11,899	16,252	11,899
Depreciation of right-of-use assets	35,220	27,488	35,220	27,488
Interest income	(342)	(720)	(342)	(720)
Inventory losses	3,388	3,519	3,388	3,519
Inventories written off	2,280	1,736	2,280	1,736
Gain on disposal of property, plant and equipment	(189)	(93)	(189)	(93)
Gain on reassessments and modifications of leases	(440)	(728)	(440)	(728)
Realised loss/(gain) on foreign exchange	48	(70)	48	(70)
Unrealised gain on foreign exchange	(36)	(47)	(36)	(47)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

23. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Current year tax expense				
- current period	45,367	24,537	45,367	24,537
- over provision in prior years	-	-	-	-
	<u>45,367</u>	<u>24,537</u>	<u>45,367</u>	<u>24,537</u>
Deferred tax				
- relating to origination and reversal of temporary differences	329	(922)	329	(922)
- under provision in prior years	195	1	195	1
	<u>524</u>	<u>(921)</u>	<u>524</u>	<u>(921)</u>
Tax expense	45,891	23,616	45,891	23,616
Effective tax rate	<u>26.9%</u>	<u>28.8%</u>	<u>26.9%</u>	<u>28.8%</u>

The tax charge for the Group reflects an effective tax rate which is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

24. Borrowings

	As at	As at
	31/03/2021	31/12/2020
	RM'000	RM'000
Non-current liabilities		
Secured		
Hire purchase creditors	2,581	2,349
Term loans	17,237	18,412
	<u>19,818</u>	<u>20,761</u>
Current liabilities		
Secured		
Bank overdraft	22,920	26,112
Revolving credits	192,832	211,666
Hire purchase creditors	546	500
Term loans	4,570	4,545
	<u>220,868</u>	<u>242,823</u>
Total borrowings		
Bank overdraft	22,920	26,112
Revolving credits	192,832	211,666
Hire purchase creditors	3,127	2,849
Term loans	21,807	22,957
	<u>240,686</u>	<u>263,584</u>

The above borrowings are denominated in Ringgit Malaysia.

25. Derivatives

There was no derivatives in the current quarter and financial period under review.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

26. Material Litigation

There is no material litigation for the current financial period to date.

27. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit attributable to owners of the Company (RM'000)	124,791	58,462	124,791	58,462
Weighted average number of ordinary shares in issue ('000)	6,276,600	1,000 ⁽¹⁾	6,276,600	1,000 ⁽¹⁾
Basic earnings per ordinary share (sen)	1.99	5,846.22	1.99	5,846.22
Weighted average number of ordinary shares in issue ('000)	6,276,600	1,000 ⁽¹⁾	6,276,600	1,000 ⁽¹⁾
Effect of dilution of share options ('000)	25,321	-	25,321	-
Weighted average number of ordinary shares in issue (Diluted) ('000)	6,301,921	1,000	6,301,921	1,000
Diluted earnings per ordinary share (sen)	1.98	5,846.22	1.98	5,846.22

Note:

- (1) For comparative purpose, the earnings per share for individual and cumulative quarter ended 31 March 2020 had been adjusted retrospectively to reflect the subdivision of ordinary shares which was completed on 23 September 2020.