

Berjaya Food Berhad

Registration Number: 200901032946 (876057-U)

Date: 10 November 2022

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 30 SEPTEMBER 2022**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	Current Quarter	
	3 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
REVENUE	283,050	187,719
PROFIT FROM OPERATIONS	54,775	25,792
Investment related income	1,746	74
Finance cost	(6,493)	(6,857)
PROFIT BEFORE TAX	50,028	19,009
TAXATION	(15,961)	(7,660)
PROFIT AFTER TAX	34,067	11,349
OTHER COMPREHENSIVE ITEMS:		
<u>To be reclassified to profit or loss in subsequent periods:</u>		
- Foreign currency translation	38	(7)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	34,105	11,342
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the parent	34,698	11,625
- Non-controlling interests	(631)	(276)
	34,067	11,349
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	34,772	11,619
- Non-controlling interests	(667)	(277)
	34,105	11,342
EARNINGS PER SHARE (SEN)		
-Basic, for the period	1.96	0.65
-Diluted, for the period	1.96	0.65

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

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Registration Number: 200901032946 (876057-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2022 RM'000	As at 30/06/2022 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	301,733	293,433
Right-of-use assets	388,862	381,093
Investment in joint venture	5,000	-
Deferred tax assets	7,322	7,322
Intangible assets	460,034	459,723
Receivables	18,511	18,774
	<u>1,181,462</u>	<u>1,160,345</u>
Current Assets		
Inventories	57,035	51,800
Trade and other receivables	32,334	56,906
Tax recoverable	583	581
Short term investment	-	25,758
Deposits with financial institutions	9,253	10,607
Cash and bank balances	31,869	32,337
	<u>131,074</u>	<u>177,989</u>
TOTAL ASSETS	<u>1,312,536</u>	<u>1,338,334</u>
EQUITY AND LIABILITIES		
Share capital	257,920	257,920
Reserves	302,848	275,157
	<u>560,768</u>	<u>533,077</u>
Treasury shares	(85,328)	(45,437)
	<u>475,440</u>	<u>487,640</u>
Non-controlling interests	(3,635)	(2,968)
Equity funds	<u>471,805</u>	<u>484,672</u>
Non-current liabilities		
Long term borrowings	94,821	94,931
Lease liabilities	347,896	338,010
Provisions	13,813	12,823
	<u>456,530</u>	<u>445,764</u>
Current Liabilities		
Payables and provisions	154,455	140,773
Short term borrowings	77,826	110,557
Taxation	10,221	14,429
Lease liabilities	64,753	65,662
Contract liabilities	76,946	76,477
	<u>384,201</u>	<u>407,898</u>
Total Liabilities	<u>840,731</u>	<u>853,662</u>
TOTAL EQUITY AND LIABILITIES	<u>1,312,536</u>	<u>1,338,334</u>
Basic net assets per share (sen)	27.10	27.05
Dilutive net assets per share (sen)	27.10	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.

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 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	-	-	-	74	-	34,698	-	34,772	(667)	34,105
<u>Transactions with owners</u>										
Treasury shares acquired	-	-	-	-	-	-	(39,891)	(39,891)	-	(39,891)
Interim dividends #	-	-	-	-	-	(7,081)	-	(7,081)	-	(7,081)
At 30 September 2022	<u>257,920</u>	<u>-</u>	<u>729</u>	<u>977</u>	<u>(55,087)</u>	<u>356,229</u>	<u>(85,328)</u>	<u>475,440</u>	<u>(3,635)</u>	<u>471,805</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	-	-	-	(6)	-	11,625	-	11,619	(277)	11,342
<u>Transactions with owners</u>										
ESS options exercised	3,920	(868)	-	-	-	-	-	3,052	-	3,052
ESS options/shares forfeited	3	(3)	-	-	-	-	-	-	-	-
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>

* 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 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	281,369	187,323
Payments to suppliers and operating expenses	(183,701)	(128,911)
Payment of taxes	(20,175)	(8,163)
Other receipts	107	634
Net cash generated from operating activities	<u>77,600</u>	<u>50,883</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3	60
Disposal of short term investment	27,418	-
Acquisition of property, plant and equipment	(19,514)	(1,925)
Acquisition of investment in joint venture	(5,000)	-
Acquisition of intangible assets	(918)	(113)
Interest received	80	74
Withdrawal from un-invested fund owing from a related company	22,467	-
Net cash generated from/(used in) investing activities	<u>24,536</u>	<u>(1,904)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	2,868
Treasury shares acquired	(39,891)	-
Dividends paid	(7,081)	(3,578)
Interest paid	(6,348)	(6,791)
Payment of principal portion of lease liabilities	(17,918)	(17,588)
Drawdown of bank borrowings	85,000	23,725
Repayment of bank borrowings	(117,500)	(28,344)
Payment of hire purchase	(445)	(516)
Net placement in bank as security pledged for borrowings	(45)	(35)
Net cash used in financing activities	<u>(104,228)</u>	<u>(30,259)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,092)	18,720
OPENING CASH AND CASH EQUIVALENTS	33,741	18,684
Effect of exchange rate changes	225	(19)
CLOSING CASH AND CASH EQUIVALENTS	<u>31,874</u>	<u>37,385</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	9,253	10,298
Cash and bank balances	<u>31,869</u>	<u>36,185</u>
	41,122	46,483
Less: Deposits pledged with bank - restricted	<u>(9,248)</u>	<u>(9,098)</u>
	<u>31,874</u>	<u>37,385</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 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 30 September 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 30 September 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 30 SEPTEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A5 The details of the share buyback during the financial period ended 30 September 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 30 September 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 30 September 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 30 September 2022, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,754,269,000 (30 September 2021: 1,789,495,000) ordinary shares.

A6 During the financial period ended 30 September 2022, the Company paid the following dividends:

- i) Fourth interim dividend of 2.0 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.

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NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment information for the financial period ended 30 September 2022:-

	Group RM'000
REVENUE	
Malaysia	275,438
Other South-East Asian countries	7,612
Total revenue	<u>283,050</u>
RESULTS	
Malaysia	55,556
Other South-East Asian countries	(236)
	<u>55,320</u>
Unallocated corporate expenses	(545)
Profit from operations	<u>54,775</u>
Investment related income	
- Interest income	86
- Fair value gain on FVTPL investments	1,660
Finance cost	(6,493)
Profit before tax	<u>50,028</u>
Taxation	(15,961)
Profit for the period	<u>34,067</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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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		Variance %
	30/09/2022 RM'000	30/09/2021 RM'000	
Revenue	<u>283,050</u>	<u>187,719</u>	<u>51</u>
Profit from operations	<u>54,775</u>	<u>25,792</u>	<u>112</u>
Profit before tax	<u>50,028</u>	<u>19,009</u>	<u>163</u>

Review of results for the current quarter

The Group registered a revenue of RM283.05 million and pre-tax profit of RM50.03 million in the current quarter ended 30 September 2022 as compared to a revenue of RM187.72 million and pre-tax profit of RM19.01 million reported in the previous year corresponding quarter.

The 51% increase in revenue was mainly due to higher same-store-sales growth particularly from Starbucks cafe outlets as well as the full quarter effect of the new Starbucks cafe outlets opened during the previous financial year. The Group's pre-tax profit jumped 163% to RM50.03 million against RM19.01 million in the previous year corresponding quarter. The significant increase in the pre-tax profit was in tandem with the higher revenue recorded in the current quarter coupled with the turnaround of the KRR business performance.

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance %
	30/9/2022 RM'000	30/6/2022 RM'000	
Revenue	<u>283,050</u>	<u>291,273</u>	<u>(3)</u>
Profit from operations	<u>54,775</u>	<u>69,794</u>	<u>(22)</u>
Profit before tax	<u>50,028</u>	<u>63,429</u>	<u>(21)</u>

The Group reported a revenue of RM283.05 million and pre-tax profit of RM50.03 million in the current quarter as compared to a revenue of RM291.27 million and pre-tax profit of RM63.43 million reported in the preceding quarter.

The higher revenue in the previous quarter was mainly due to the higher sales recorded during the long holiday festive period. The lower pre-tax profit was mainly due to margin compression as a result of the higher operating costs incurred and the weaker Ringgit Malaysia.

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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 30 September 2022.**B5** The taxation charge for the current quarter and financial period ended 30 September 2022 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	15,855
- Foreign taxation	106
	<u>15,961</u>

The disproportionate tax charge of the Group for the current quarter ended 30 September 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 no further development for those corporate proposals disclosed in Note 38 to the audited financial statements of the Company for the financial year ended 30 June 2022.

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

B7 The Group's bank borrowings and debt securities as at 30 September 2022.

	As at 30/09/2022 RM'000
Short term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	77,826
Long term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	94,821
Total borrowings	<u>172,647</u>

B8 There were no material litigations for the current quarter.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B9 The Board has declared a first interim dividend of 0.50 sen single-tier dividend per share (previous year corresponding quarter ended 30 September 2021: first interim dividend of 0.20 sen single-tier dividend per share) in respect of financial year ending 30 June 2023 to be payable on 20 December 2022. The entitlement date has been fixed on 7 December 2022.

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 7 December 2022 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 year 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
Interest income	(86)
Write down of property, plant and equipment	468
Depreciation of property, plant and equipment	11,387
Depreciation of right-of-use assets	19,208
Amortisation of intangible assets	611
Foreign exchange (gain)/loss, net	501
Fair value change on the investment	<u>(1,660)</u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Group (3-month period)			
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>34,698</u>	<u>11,625</u>		
Weighted average number of ordinary shares in issue ('000) *	<u>1,768,461</u>	<u>1,784,525</u>		
Basic earnings per share (Sen)			<u>1.96</u>	<u>0.65</u>
Net profit for the quarter (RM'000)	<u>34,698</u>	<u>11,625</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,768,461	1,794,235		
Number of shares to be issued pursuant to ESS options - 1st offer ('000)	-	1,287		
ESS options - 3rd offer ('000)	-	30		
Number of shares assuming ESS shares are vested - 1st offer ('000)	-	559		
ESS shares are vested - 2nd offer ('000)	-	46		
ESS shares are vested - 3rd offer ('000)	-	20		
Number of shares used in the calculation of diluted earnings per share ("000) *	<u>1,768,461</u>	<u>1,796,177</u>		
Diluted earnings per share (Sen)			<u>1.96</u>	<u>0.65</u>

c.c. Securities Commission

* 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.