Consolidated Unaudited Results for the Six Months Ended 31 May 2021

PRESTIGE HOLDINGS LTD.
A Restaurant Management Company

PRESTIGE HOLDINGS LIMITED CHAIRMAN'S REPORT TO SHAREHOLDERS

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

We have ended our half year with the restaurant industry, and by extension our Company, experiencing severely adverse operating conditions due to the restrictions imposed by the Government to curtail the spread of the COVID-19 virus. During the first quarter, as previously reported, our industry continued to be impacted by restrictions that limited restaurant opening hours, dine-in seating and bar sales, as well as the loss of revenue from the Carnival season, a traditionally strong period for our Company. During our second quarter all in-house dining was closed for 15 days, during the month of April, and all of our restaurants completely closed for the month of May. This was similar to the operating conditions that prevailed during our second quarter 2020 when our restaurants were closed for 34 days.

For the first six months of 2021, Group sales decreased by 8% to $393 million from $428 million in the prior year, and this resulted in a loss before tax of $19.8 million compared to a loss of $7.1 million for the same period in 2020. These results include a negative net adjustment of $3.3 million in the quarter ($4.3 million in 2020) for the IFRS 16 Standard, which we first adopted in 2020. In addition, these results also include a provision of $2.2 million for inventory that has expired or is expected to expire prior to the re-opening of restaurants, which we consider necessary at this time. Cash flow from operations was $2.1 million and we ended the half year with $22 million in cash compared to $59.7 million at the beginning of the year. During the period we opened 1 new restaurant, a Starbucks at Gulf View, and ended the half year with 129 restaurants.

These results reflect the considerable difficulties affecting our industry and we expect 2021 will continue to be a difficult year for our Company. We have entered the third quarter with the restrictions on all restaurant operations still in place and, while we are hopeful that this will end soon, there is no clear visibility as to when restrictions will be partially or completely removed. As a result, management has been engaged in a number of initiatives to reduce costs and further improve efficiencies. Additionally, we have placed a hold on all non-essential capital expenditure, including new restaurant construction, restaurant re-imaging and the development of our new distribution centre. Prior to the closure of the restaurant industry in April, we were preparing to open a new KFC at Xtra Plaza in Sangre Grande and were in the process of constructing a new Starbucks at Shoppes of Trincity. Both restaurants will open when restrictions are lifted.

As difficult as this period has been for our Company, we recognize that there are many individuals and families that have faced far greater hardship and suffering through loss of income, sickness and the heartbreaking loss of life. Like many private sector organizations, we have provided support through the Company and the Victor & Sally Mouttet Foundation in the form of cash payments and food hampers to our employees who are unable to work, as well as thousands of individuals in Trinidad and Tobago. We will continue to provide support to the extent that our resources allow. I would also like to recognize and thank the management and staff of our Company for the support and guidance provided to their colleagues during this difficult period. They have clearly demonstrated that we are all in this together.

Even though current conditions remain difficult, we remain confident in the performance and strength of our business in the medium to long term. Our brands and operations remain strong, and our conservative balance sheet has given us the flexibility to fund our operations through this difficult period. As with all companies, our resources are not limitless, however we fully expect that as the Government's vaccination programme continues to be rolled out during 2021 and beyond conditions will improve substantially for our industry and our Company.

Christian E. Mouttet
Chairman
29 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six (6) Months to 31 May 2021	Six (6) Months to 31 May 2020	Year to 30 November 2020
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	$ '000	$ '000	$ '000
Loss for the year	(17,484)	(7,998)	(17,749)
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	(1)	(45)	(59)
Total comprehensive loss for the year	(17,485)	(8,043)	(17,808)
Attributable to: Owners of the Parent Company	(17,485)	(8,043)	(17,808)

CONSOLIDATED INCOME STATEMENT

	Six (6) Months to 31 May 2021	Six (6) Months to 31 May 2021	Six (6) Months to 31 May 2020	Three (3) Months to 31 May 2021	Three (3) Months to 31 May 2020	Year to 30 November 2020
		(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	% Change	$ '000	$ '000	$ '000	$ '000	$ '000
Revenue	-8%	392,706	428,292	157,515	137,034	896,918
Cost of sales		(265,206)	(294,168)	(107,343)	(98,463)	(602,114)
Gross profit		127,500	134,124	50,172	38,571	294,804
Other operating expenses		(98,471)	(97,207)	(43,701)	(39,002)	(204,198)
Administrative expenses		(39,493)	(35,469)	(19,249)	(15,059)	(69,075)
Impairment of goodwill		--	--	--	--	(18,634)
Other income		383	1,350	156	709	2,594
Operating (loss)/ profit		(10,081)	2,798	(12,622)	(14,781)	5,491
Finance costs		(9,703)	(9,883)	(4,732)	(4,905)	(21,241)
Loss before income tax		(19,784)	(7,085)	(17,354)	(19,686)	(15,750)
Income tax expense		2,300	(913)	2,523	3,459	(1,999)
Loss for the year		(17,484)	(7,998)	(14,831)	(16,227)	(17,749)
Loss attributable to: Owners of the Parent Company		(17,484)	(7,998)	(14,831)	(16,227)	(17,749)
Basic earnings per share (exclusive of treasury shares)		(28.7) cents	(13.1) cents	(24.4) cents	(26.6) cents	(29.1) cents
Diluted earnings per share		(28.1) cents	(12.9) cents	(23.8) cents	(26.1) cents	(28.50) cents

Director

Director

Notes:

1. The Consolidated Financial Statements include the activities of Prestige Holdings Limited, the Parent Company (KFC, Pizza Hut, Subway and Starbucks), Weekenders Trinidad Limited (TGI Fridays Trinidad) and Prestige Restaurants Jamaica Limited (TGI Fridays Jamaica).

2. The principal accounting policies applied in the preparation of these summary financial statements are consistent with those disclosed in the audited financial statements as at and for the year ended November 30, 2020, and have been consistently applied to all periods presented, unless otherwise stated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 May 2021 (UNAUDITED)	31 May 2020 (UNAUDITED)	30 November 2020 (AUDITED)
	$ '000	$ '000	$ '000
ASSETS			
Property, plant and equipment	292,111	315,916	300,088
Right-of-use assets	269,485	264,118	288,699
Intangible assets	60,829	81,536	61,552
Other non current assets	9,295	--	5,179
Current assets	100,008	125,535	143,046
Total assets	731,728	787,105	798,564
EQUITY AND LIABILITIES			
Share capital	23,759	23,759	23,759
Other reserves	26,635	26,650	26,636
Retained earnings	229,549	260,444	250,693
	279,943	310,853	301,088
Treasury shares	(11,340)	(11,340)	(11,340)
Total equity	268,603	299,513	289,748
Non current liabilities - lease liabilities	250,050	222,796	265,992
Other non current liabilities	56,532	64,993	48,888
Current liabilities – lease liabilities	31,196	45,587	31,155
Other current liabilities	125,347	154,216	162,781
Total liabilities	463,125	487,592	508,816
Total equity and liabilities	731,728	787,105	798,564

CONSOLIDATED CASH FLOW STATEMENT

	31 May 2021 (UNAUDITED)	31 May 2020 (UNAUDITED)	30 November 2020 (AUDITED)
	$ '000	$ '000	$ '000
Cash flow from operating activities			
Cash generated from operations	13,713	25,859	85,437
Interest paid	(9,703)	(9,883)	(21,241)
Income tax paid	(1,885)	(8,854)	(11,844)
Net cash generated from operating activities	2,125	7,122	52,352
Net cash used in investing activities	(13,476)	(42,907)	(49,647)
Net cash from/(used in) financing activities	(26,318)	9,964	(7,282)
Net decrease in cash and cash equivalents	(37,669)	(25,821)	(4,577)
Cash and cash equivalents at the beginning of the year	59,713	64,290	64,290
Cash and cash equivalents at the end of the period	22,044	38,469	59,713

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Reserves	Retained Earnings	Total	Treasury Shares	Total Equity
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Balance at 1 December 2019	23,759	26,695	268,442	318,896	(10,938)	307,958
Comprehensive loss						
Loss for the year	--	--	(17,749)	(17,749)	--	(17,749)
Other comprehensive loss						
Currency translation differences	--	(59)	--	(59)	--	(59)
Total comprehensive loss for the year	--	(59)	(17,749)	(17,808)	--	(17,808)
Transactions with owners						
Purchase of shares	--	--	--	--	(402)	(402)
Balance at 30 November 2020	23,759	26,636	250,693	301,088	(11,340)	289,748
Balance at 1 December 2020	23,759	26,636	250,693	301,088	(11,340)	289,748
Comprehensive loss						
Loss for the period	--	--	(17,484)	(17,484)	--	(17,484)
Other comprehensive loss						
Currency translation differences	--	(1)	--	(1)	--	(1)
Total comprehensive loss for the period	--	(1)	(17,484)	(17,485)	--	(17,485)
Transactions with owners						
Net dividends for 2020						
-Paid 6 cents per share			(3,660)	(3,660)	--	(3,660)
Total transactions with owners	--	-	(3,660)	(3,660)	--	(3,660)
Balance at 31 May 2021	23,759	26,635	229,549	279,943	(11,340)	268,603