PRESTIGE HOLDINGS LTD.

A Restaurant Management Company

Consolidated Audited Results for the Twelve Months Ended 30 November 2021

CHAIRMAN'S REPORT 2021

TO OUR SHAREHOLDERS, EMPLOYEES, CUSTOMERS AND PARTNERS

Our financial year 2021 was also the second year of the Covid-19 pandemic, and like the previous financial year, the pandemic has had a significant impact on our industry and business, and by extension our operating results. Throughout all of 2021, the restaurant industry was severely hindered by various Government mandated operating restrictions which included limitations on in-house dining and opening hours, the complete closure of all restaurants for 80 days and Safe Zone operating requirements that are currently in place. While these restrictions negatively impacted our operations and our earnings, our focus throughout the year, as it was in 2020, was to protect the health and well-being of our employees and customers, minimize the financial impact these severe disruptions would have on our business and identify opportunities and implement changes that would benefit our business in the long term. I am pleased with the efforts and progress that the management has made in each of these areas, which has made our group more adaptive and responsive to our customers and to a dynamic business environment.

In the fiscal year 2021, revenue decreased by 21% to $712 million from $897 million and this resulted in a Loss After Tax of $28.3 million. This loss included a non-cash accounting adjustment for IFRS 16 of $6.1 million before tax. During the period, our Group generated $51 million in Operating Cash Flow and ended the year with $55 million in Cash. Our net Debt to Equity remained strong at 13:87 (excluding the effect of IFRS 16), and at year end we operated 129 restaurants with three new restaurant openings, two closures and no remodels or relocations during the period.

OPERATIONS

All of our brands were negatively impacted by the Covid-19 pandemic restrictions mentioned earlier, though some more severely due to a higher dependence on in-house dining. That being said, apart from the period in which our industry was completely closed, management adapted quickly and decisively to the new restricted operating environment. Throughout the year, we continued to make considerable headway in driving our digital, delivery and drive-thru channels and we are building a robust platform to drive further growth in these areas.

Rising commodity, transport and energy costs globally have impacted all industries and in particular the food industry. At Prestige, we have worked closely with our long standing local and foreign suppliers as well as developed new supply chain and operating initiatives in order to minimize the impact of these increases to our business and our customers.

LOOKING FORWARD

The unpredictability of the Covid-19 pandemic and its effects on our industry in the last two years has made it difficult, if not unwise to make forward looking statements with any level of accuracy. Additionally, we expect to continue to be challenged by rising and volatile food and material costs in the new financial year. However, given the trend in the last quarter of 2021, the clear signal from our Government to keep the Trinidad and Tobago economy open and the strength and resilience of our brands and our people, we expect improved results in 2022 and beyond.

DIVIDENDS

Due to the difficulties experienced in this financial year, the Board has decided not to pay any dividends for 2021 (2020 – 6 cents per common share), subject to shareholders' approval.

ACKNOWLEDGEMENT

I wish to thank and recognize all of our dedicated employees who continue to operate in less than ideal circumstances and who have worked tirelessly to keep the wheels turning and our customers satisfied. A special thank you to all of our customers for remaining loyal to our brands, especially during the periods when operating restrictions made it difficult to do so. Your trust and support is very much appreciated. Lastly, I wish to thank my fellow directors for their wisdom and counsel and for the support provided to management during the year.



Christian E. Mouttet
Chairman
24 February 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 30 November 2021	Year to 30 November 2020
	(AUDITED)	(AUDITED)
	$ '000	$ '000
Loss for the year	(28,302)	(17,749)
Other comprehensive loss		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(261)	(59)
Total comprehensive loss for the year	(28,563)	(17,808)
Attributable To:		
Owners of the parent company	(28,563)	(17,808)

CONSOLIDATED INCOME STATEMENT

	2021 % Change	Twelve (12) Months to 30 November 2021 (AUDITED) $ '000	Year to 30 November 2020 (AUDITED) $ '000
Revenue	(21%)	712,108	896,918
Cost of sales		(480,915)	(602,114)
Gross profit		231,193	294,804
Other operating expenses		(177,814)	(204,198)
Administrative expenses		(67,154)	(69,075)
Impairment of goodwill		--	(18,634)
Other income		1,539	2,594
Operating (loss)/profit		(12,236)	5,491
Finance costs		(19,467)	(21,241)
Loss before income tax		(31,703)	(15,750)
Income tax credit/(expense)		3,401	(1,999)
Loss for the year		(28,302)	(17,749)
Loss attributable to:			
Owners of the parent company		(28,302)	(17,749)
Basic earnings per share (exclusive of treasury shares)		(46.4 cents)	(29.1 cents)
Diluted earnings per share		(45.4 cents)	(28.5 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, 2021, and have been consistently applied to all periods presented, unless otherwise stated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 November 2021	30 November 2020
	(AUDITED)	(AUDITED)
	$ '000	$ '000
ASSETS		
Property, plant and equipment	275,159	300,088
Right-of-use assets	261,874	288,699
Intangible assets	60,069	61,552
Other non current assets	12,258	5,179
Current assets	133,230	143,046
Assets classified as held for sale	5,287	--
Total assets	747,877	798,564
EQUITY AND LIABILITIES		
Share capital	23,759	23,759
Other reserves	26,375	26,636
Retained earnings	218,731	250,693
	268,865	301,088
Treasury shares	(11,340)	(11,340)
Total equity	257,525	289,748
Non-current liabilities - lease liabilities	247,373	265,992
Other non current liabilities	56,391	60,699
Current liabilities - lease liabilities	29,045	31,155
Other current liabilities	157,543	150,970
Total liabilities	490,352	508,816
Total equity and liabilities	747,877	798,564

CONSOLIDATED CASHFLOW STATEMENT

	30 November 2021	30 November 2020
	(AUDITED)	(AUDITED)
	$ '000	$ '000
Cash flow from operating activities		
Cash generated from operations	50,672	85,437
Interest paid	(19,467)	(21,241)
Income tax paid	(2,841)	(11,844)
Net cash generated from operating activities	28,364	52,352
Net cash used in investing activities	(22,185)	(49,647)
Net cash used in financing activities	(10,919)	(7,282)
Net decrease in cash and cash equivalents	(4,740)	(4,577)
Cash and cash equivalents at the beginning of the year	59,713	64,290
Cash and cash equivalents at the end of the year	54,973	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 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 year	--	--	(28,302)	(28,302)	--	(28,302)
Other comprehensive loss						
Currency translation differences	--	(261)	--	(261)	--	(261)
Total comprehensive loss for the period	--	(261)	(28,302)	(28,563)	--	(28,563)
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 30 November 2021	23,759	26,375	218,731	268,865	(11,340)	257,525