

PRESTIGE HOLDINGS LIMITED CHAIRMAN'S REPORT TO SHAREHOLDERS

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the first nine months of 2020, Prestige Holdings recorded revenue of \$666 million, (a 20% reduction when compared to the prior year), a pre-tax profit of \$2.6 million and an after-tax profit of \$0.87 million, after taking into account the impact of the IFRS 16 leases standard. Without this accounting adjustment, pre-tax profit would have been \$8.8 million.

The closure of our restaurants for dining during the third quarter, brought about by the government's measures to slow the spread of the COVID-19 virus, has weighed on our sales and profitability. That being said, we did see a return to profitability in the quarter, driven by improved sales and various cost saving measures, as compared to the second quarter when our restaurants were completely closed for 34 days and a significant loss was incurred. At the end of the third quarter, we operated 129 restaurants with no new restaurant openings, remodels or relocations in the period.

As mentioned in my half-year statement, we continue to be encouraged by the growth in the delivery, drive-thru and curbside channels of our restaurants, which have shown significant growth and have been particularly important to our business in the past two months when our dining channel was closed. We expect that when all restrictions are eventually removed and market conditions return to normal, these channel options will continue to be significant contributors to our business across all brands. We have maintained a strong balance sheet, with adequate cash reserves and a conservative debt/equity ratio; this has proved advantageous to us as we navigate the difficulties - in our industry and in the wider economy - brought about by the pandemic.

The unpredictability of the COVID-19 virus and the measures necessary to control its spread would make it folly for us to attempt to provide an accurate outlook for the fiscal year 2020. Having said that, barring any additional COVID-19 virus measures or other unforeseen circumstances, we expect operating earnings in the

fourth quarter to continue to be positive, as they were in the third quarter. Additionally, the impact of the pandemic has accelerated changes to our industry, as well as introduced new challenges and opportunities. We are committed to taking the right strategic actions to realign our operations, brands and restaurant assets to best position ourselves for long-term growth and profitability.



Christian E. Mouttet
Chairman
29 September 2020

CONSOLIDATED INCOME STATEMENT

	Nine (9) Months to 31 August 2020	Nine (9) Months to 31 August 2020	Nine (9) Months to 31 August 2019	Three (3) Months to 31 August 2020	Three (3) Months to 31 August 2019	Year to 30 November 2019
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	% Change	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue	-20%	666,122	830,482	237,830	292,832	1,112,933
Cost of sales		(449,390)	(550,720)	(155,222)	(194,356)	(738,483)
Gross profit		216,732	279,762	82,608	98,476	374,450
Other operating expenses		(151,402)	(175,883)	(53,855)	(61,393)	(234,965)
Administrative expenses		(50,854)	(62,535)	(15,385)	(20,797)	(82,659)
Other income		2,000	2,581	650	1,042	2,602
Operating profit		16,476	43,925	14,018	17,328	59,428
Finance costs		(13,876)	(3,848)	(4,672)	(1,366)	(5,069)
Profit before income tax	-94%	2,600	40,077	9,346	15,962	54,359
Income tax expense		(1,733)	(13,495)	(820)	(5,378)	(18,539)
Profit for the year		867	26,582	8,526	10,584	35,820
Profit attributable to:						
Owners of the Parent Company	-97%	867	26,582	8,526	10,584	35,820
		867	26,582	8,526	10,584	35,820
Basic earnings per share (exclusive of treasury shares)		1.42 cents	43.6 cents	13.97 cents	17.4 cents	58.7 cents
Diluted earnings per share		1.40 cents	42.7 cents	13.75 cents	17.0 cents	57.7 cents



Director



Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine (9) Months to 31 August 2020	Nine (9) Months to 31 August 2019	Year to 30 November 2019
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
Profit for the year	867	26,582	35,820
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss			
Gain on revaluation of land	--	--	2,450
Currency translation differences	(47)	--	(201)
Total comprehensive income for the year	820	26,582	38,069
Attributable to:			
Owners of the Parent Company	820	26,582	38,069

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, 2019, and have been consistently applied to all periods presented, unless otherwise stated.

3. The Group has applied IFRS 16 leases and has not restated prior periods as allowed by the standard. The Group has recognised the present value of the remaining lease payments as lease liabilities (non-current \$193.6M and current \$45.6M) and the right of use asset at \$233.4M.

**CONSOLIDATED BALANCE SHEET**

	31 August 2020 (UNAUDITED)	31 August 2019 (UNAUDITED)	30 November 2019 (AUDITED)
	\$ '000	\$ '000	\$ '000
ASSETS			
Property, plant and equipment	307,635	287,586	298,095
Right-of-use assets	233,420	-	-
Other non-current assets	3,692	-	-
Other intangible assets	80,855	80,932	81,323
Current assets	134,085	155,891	155,298
Total assets	759,687	524,409	534,716
EQUITY AND LIABILITIES			
Share capital	23,759	23,759	23,759
Other reserves	26,648	24,446	26,695
Retained earnings	269,309	259,204	268,442
	319,716	307,409	318,896
Treasury shares	(11,340)	(11,284)	(10,938)
Total equity	308,376	296,125	307,958
Non-current liabilities — lease liabilities	19,366	-	-
Other non-current liabilities	58,710	67,771	63,560
Current liabilities — lease liabilities	45,575	-	-
Other current liabilities	153,363	160,513	163,198
Total liabilities	451,311	228,284	226,758
Total equity and liabilities	759,687	524,409	534,716

CONSOLIDATED CASH FLOW STATEMENT

	31 August 2020 (UNAUDITED)	31 August 2019 (UNAUDITED)	30 November 2019 (AUDITED)
	\$ '000	\$ '000	\$ '000
Cash flow from operating activities			
Cash generated from operations	61,007	92,465	123,712
Interest paid	(13,876)	(3,848)	(5,069)
Income tax paid	(10,514)	(7,313)	(14,820)
Net cash generated from operating activities	36,617	81,304	103,823
Net cash used in investing activities	(46,070)	(46,249)	(67,350)
Net cash used in financing activities	(4,961)	(18,581)	(22,564)
Net (decrease)/increase in cash and cash equivalents	(14,414)	16,474	13,909
Cash and cash equivalents at the beginning of the year	64,290	50,381	50,381
Cash and cash equivalents at the end of the period	49,876	66,855	64,290

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 2018	23,759	24,446	252,221	300,426	(11,284)	289,142
Comprehensive income						
Profit for the year	--	--	35,820	35,820	--	35,820
Other comprehensive income/(loss)						
Revaluation surplus	--	2,450	--	2,450	--	2,450
Currency translation differences	--	(201)	--	(201)	--	(201)
Total comprehensive income for the year	--	2,249	35,820	38,069	--	38,069
Transactions with owners						
Transfer of treasury shares	--	--	--	--	346	346
Net dividends for 2018						
-Paid 20 cents per share	--	--	(12,247)	(12,247)	--	(12,247)
Net dividends for 2019						
-Paid 12 cents per share	--	--	(7,352)	(7,352)	--	(7,352)
Total transactions with owners	--	--	(19,599)	(19,599)	346	(19,253)
Balance at 30 November 2019	23,759	26,695	268,442	318,896	(10,938)	307,958
Balance at 1 December 2019	23,759	26,695	268,442	318,896	(10,938)	307,958
Comprehensive income						
Profit for the period	--	--	867	867	--	867
Other comprehensive loss						
Currency translation differences	--	(47)	--	(47)	--	(47)
Total comprehensive income/(loss) for the period	--	(47)	867	820	--	820
Transactions with owners						
Purchase of shares	--	--	--	--	(402)	(402)
Total transactions with owners	--	--	--	--	(402)	(402)
Balance at 31 August 2020	23,759	26,648	269,309	319,716	(11,340)	308,376