Katrina GROUP LTD.
100 Beach Road #16-09/13 Shaw Tower Singapore 189702 Tel: (65) 6292 4748 | Fax: (65) 6292 4238 Website: www.katrinagroup.com

NEWS RELEASE

Katrina Group reports 1H2018 results and announces proposed acquisitions aimed at revenue expansion and long-term growth

- Revenue increased by 11.2% to S$30.8 million for 1H2018 as the Group increased its overall outlet count and online revenue continued to grow
- Net profit decreased as a result of costs related to new outlet openings, increase in online sales commissions and closures of non-performing outlets, coming in at S$11K for 1H2018
- As the Group nears a critical mass of outlets in Singapore, it will be more selective in its openings and explore other strategies to build strength in the market and increase revenue, at the same time seeking new businesses and overseas expansion to create steady growth

Singapore, 14 August 2018 – Katrina Group Ltd. ("Katrina" or the "Group"), an established and recognised Food & Beverage ("F&B") group specialising in multi-cuisine concepts and restaurant operations, today announced its financial results for the half-year ended 30 June 2018 ("1H2018").

Financial Highlights	1H2018 ('000)	1H2017 ('000)	Chg (%)
Revenue	30,755	27,650	11.2
Gross profit	2,225	2,564	(13.2)
Gross profit margin (%)	*7.2*	*9.3*	*(2.1) ppt*
Operating expenses[1]	2,408	2,395	0.5
Net profit	11	334	(96.7)
Net profit margin (%)	-	*1.2*	-

[1] Operating expenses comprise Selling and distribution costs and Administrative expenses
ppt: percentage points

The Group's revenue increased by 11.2% year-on-year ("yoy") to S$30.8 million for 1H2018, mainly attributed to higher online sales and overall increase in outlets. The Group saw more customers exploring online delivery options as opposed to dining in, with online sales increasing to S$3.5 million for HY2018 surpassing revenue achieved of S$2.8 million for HY2017.

The Group's gross profit decreased by 13.2% yoy to S$2.2 million for 1H2018, with the Group's gross profit margin at 7.2% for 1H2018. The decrease was mainly a result of increased cost of sales associated with the set-up of new outlets, including utilities, rental leases and staff costs. Higher online sales commission was also a contributor to the rise in cost of sales as online sales increased.

The Group's operating expenses remained consistent, increasing marginally by 0.5% yoy to S$2.4 million. The Group will maintain its cost control initiatives that utilise technology to help optimise productivity and manage operating expenses.

Overall, the Group's net profit was S$11K for 1H2018.

Commenting on the Group's results, **Mr. Alan Goh ("吴景轩"), Founder, CEO and Executive Chairman of Katrina** said, *"We are approaching a critical mass in terms of our outlets under our existing brands in the local market, and strengthening our bottom-line, online sales, as well as customer satisfaction will be key to our future success in capturing more of the market.*

Our aim continues to be sustainable growth and we are seeing good progress in the PRC with our second restaurant having been opened in Guangzhou and the third in the works. With growth in mind, we continue to seek viable opportunities locally and regionally, be it in new brands or businesses."

Business Outlook

The F&B industry in Singapore, and the restaurant sector in particular, continued to see fatigue in 2018, faced with low entry barriers, rising operating cost and intense competition. The redeeming spark of the industry continues to be online food delivery sales, as consumers trend towards convenience and flexibility of choice.

As at end-July 2018, the total number of outlets for the Group stood at 39 in Singapore, with four new outlets opened and three non-performing outlets closed in 1H2018. The Group has four more new outlets in the pipeline and one more non-performing outlet to be closed in the next 12 months.

The Group remained steadfast in growing its business, as well as actively managing costs. As the Group is still in its expansion phase, it will take time for new outlets to improve profitability. The Group targets to be more selective in the locations of new outlets and to maximize sales from its online food ordering and delivery services, in tandem with the changing consumer trends.

Looking towards new initiatives which will build on the foundation it has set in terms of its brand equity and presence in strategic locations in Singapore, the Group aims to focus on diversification to capture more of the market. One such strategy is to expand its umbrella of brands. Thus, the Group has signed a non-binding term sheet for the proposed acquisition of 100% interest in Tomo Izakaya Pte. Ltd. ("Tomo Izakaya"). Tomo Izakaya was incorporated in Singapore in 2008 and currently operates two Japanese cuisine outlets at Clarke Quay and in Esplanade Mall.

The Group has also signed a non-binding term sheet to acquire 100% interest in Straits Organization Pte. Ltd. ("Straits Organization"). Straits Organization is in the business of providing affordable diverse accommodation solutions, such as serviced residences and co-living hotels, which are targeted at the millennial travellers, corporate expats, and new upcoming market segments such as technopreneurs. Straits Organization currently operates 81 apartments in Singapore with a pipeline of three co-living projects in Singapore, one in Hong Kong and plans to expand into Japan. Through this, the Group will be able to tap on the rising trend of professionals seeking affordable and open-minded living culture in land-scarce gateway cities opposed to high-rent conventional apartments. The acquisition will help transform the Group into an F&B and hospitality player and open avenues for synergistic growth between the two businesses.

Overseas, the Group and Hong Kong-listed Ajisen Group opened one outlet under the "So-Pho" brand in Shanghai in FY2017 and another in Guangzhou in HY2018. An additional outlet is expected to be opened in Shanghai by end-2018 at New Raffles City, Ma Dang Road. Separately, the Group has also accepted a letter of offer to open its maiden outlet in Indonesia, in Plaza Senayan, Central Jakarta under the "So Pho" brand name. The outlet is poised to have a total area of approximately 138 square metres and looks to begin operations in early 2019. Depending on the success of this venture, the Group will look to open more outlets in Indonesia over the next two years.

Sustainable growth continues to be a priority for the Group and it will continue to explore suitable brands and businesses whether internally, through collaborations or acquisitions to add value to its operations both locally and overseas.

- End -

ABOUT KATRINA GROUP LTD. (BLOOMBERG TICKER KTG:SP)

With an established history since 1995, Katrina Group Ltd. ("Katrina" or the "Group") is a Food & Beverage group that specialises in multi-cuisine concepts and restaurant operations. The Group owns and operates 37 restaurants in Singapore under nine different proprietary F&B brands, namely, Bali Thai, Streats, Honguo, So Pho, Indobox, Muchos, RENNthai, Bayang and Hutong. These brands serve a multitude of cuisines, namely Indonesian, Thai, Hong Kong, Yunnan, northern Chinese, Mexican and Vietnamese.

Katrina prides itself on the identification of consumer trends and creating concepts that meet the demand of a wide spectrum of patrons from different market segments. Of the Group's nine brands, five are casual dining brands and four are mid-ranged dining brands, all strategically located in convenient and high foot traffic locations. In addition, four of the Katrina Group's brands – Bali Thai, Streats, So Pho and Indobox – are Halal-certified.

http://katrinagroup.com/

This news release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor Hong Leong Finance Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this news release.

This news release has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, who can be contacted at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone: (65) 64159886.

Issued for and on behalf of Katrina Group Ltd. by ***Financial PR***
For more information, please contact:
Romil SINGH / El LEE / Jonathan YEOH
romil@financialpr.com.sg / el@financialpr.com.sg / jonathanyeoh@financialpr.com.sg
Tel: (65) 6438 2990, Fax: (65) 6438 0064