

# *Katrina* GROUP LTD.

Incorporated in the Republic of Singapore  
Registration No. 201608344N

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*The Company is required under Rule 705(2)(e) of the Singapore Exchange Securities Trading Limited (“SGX-ST” or “Exchange”) Listing Manual Section B: Rules of Catalist to report its financial statements quarterly.*

*This announcement has been reviewed by the Company’s Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

### A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	3 months ended 31 March		Increase/ (Decrease)
		2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)	%
<b>Revenue</b>	4	14,735	14,699	0.2
Cost of sales		(13,031)	(12,928)	0.8
<b>Gross profit</b>		1,704	1,771	(3.8)
Other income		635	842	(24.6)
Selling and distribution costs		(154)	(223)	(30.9)
Administrative expenses		(1,443)	(1,482)	(2.6)
Finance costs		(648)	(736)	(12.0)
Other gains/(expenses)		117	(177)	N.M.
<b>Profit/(loss) before taxation</b>	5	211	(5)	N.M.
Income tax	6	(78)	(5)	N.M.
<b>Profit/(loss) for the period, representing profit/(loss) for the period attributable to owners of the Company</b>		133	(10)	N.M.
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		(2)	(1)	100.0
Other comprehensive income for the period, net of tax		(2)	(1)	100.0
<b>Total comprehensive income for the period, representing total comprehensive income attributable to owners of the Company</b>		131	(11)	N.M.
Earnings per share for profit/(loss) for the period attributable to the owners of the Company during the year:				
<b>Basic and diluted (SGD in cents)</b>	7	0.06	0.00	

**Note:**

1. "N.M." denotes not meaningful.

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## B. Condensed interim statements of financial position

	Note	Group		Company	
		31 March 2023 \$'000 (Unaudited)	31 December 2022 \$'000 (Audited)	31 March 2023 \$'000 (Unaudited)	31 December 2022 \$'000 (Audited)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	4,256	4,982	5	2
Right-of-use assets	10	30,983	32,803	–	–
Investment property		788	802	–	–
Investment in subsidiaries		–	–	6,061	6,061
Refundable deposits		4,008	3,980	–	–
		40,035	42,567	6,066	6,063
<b>Current assets</b>					
Inventories		136	146	–	–
Trade receivables		665	1,066	–	–
Other receivables		593	614	–	110
Refundable deposits		1,891	1,794	9	9
Prepayments		375	260	42	8
Amount due from a joint venture		–	103	–	–
Amounts due from subsidiaries		–	–	5,266	4,936
Cash and cash equivalents		4,469	5,490	609	417
		8,129	9,473	5,926	5,480
<b>Total assets</b>		<b>48,164</b>	<b>52,040</b>	<b>11,992</b>	<b>11,543</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		6,729	6,838	1,069	538
Other liabilities		1,798	2,381	335	462
Lease liabilities	10	14,363	14,430	–	–
Provision	11	312	312	–	–
Contract liabilities		664	783	–	–
Loans and borrowings	12	5,768	4,704	–	–
Income tax payable		78	–	–	–
		29,712	29,448	1,404	1,000
<b>Net current (liabilities)/assets</b>		<b>(21,583)</b>	<b>(19,975)</b>	<b>4,522</b>	<b>4,480</b>

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## B. Condensed interim statements of financial position (Cont'd)

	Note	Group		Company	
		31 March 2023 \$'000 (Unaudited)	31 December 2022 \$'000 (Audited)	31 March 2023 \$'000 (Unaudited)	31 December 2022 \$'000 (Audited)
<b>Non-current liabilities</b>					
Other payables		158	157	–	–
Lease liabilities	10	22,777	25,046	–	–
Provision	11	679	742	–	–
Deferred tax liabilities		11	11	–	–
Loans and borrowings	12	–	1,940	–	–
		23,625	27,896	–	–
<b>Total liabilities</b>		53,337	57,344	1,404	1,000
<b>Net (liabilities)/assets</b>		(5,173)	(5,304)	10,588	10,543
<b>Equity attributable to owners of the Company</b>					
Share capital	13	8,283	8,283	8,283	8,283
Foreign currency translation reserve		29	31	–	–
(Accumulated losses)/ Retained earnings		(13,485)	(13,618)	2,305	2,260
<b>Total equity</b>		(5,173)	(5,304)	10,588	10,543
<b>Total equity and liabilities</b>		48,164	52,040	11,992	11,543

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## C. Condensed interim statements of changes in equity

	Attributable to owners of the Company			
	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Group (Unaudited)</b>				
Opening balance at 1 January 2022	8,192	15	(17,082)	(8,875)
Issuance of shares	91	–	–	91
Loss for the period	–	–	(10)	(10)
<i>Other comprehensive income:</i>				
Foreign currency translation	–	(1)	–	(1)
Total comprehensive income for the period	–	(1)	(10)	(11)
Closing balance at 31 March 2022	8,283	14	(17,092)	(8,795)
Opening balance at 1 January 2023	8,283	31	(13,618)	(5,304)
Profit for the period	–	–	133	133
<i>Other comprehensive income:</i>				
Foreign currency translation	–	(2)	–	(2)
Total comprehensive income for the period	–	(2)	133	131
Closing balance at 31 March 2023	8,283	29	(13,485)	(5,173)

**C. Condensed interim statements of changes in equity (Cont'd)**

	<b>Attributable to owners of the Company</b>		
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Company (Unaudited)</b>			
Opening balance at 1 January 2022	8,192	2,347	10,539
Issuance of shares	91	–	91
Profit for the period, representing total comprehensive income for the period	–	36	36
Closing balance at 31 March 2022	8,283	2,383	10,666
Opening balance at 1 January 2023	8,283	2,260	10,543
Profit for the period, representing total comprehensive income for the period	–	45	45
Closing balance at 31 March 2023	8,283	2,305	10,588

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## D. Condensed interim consolidated statement of cash flows

	3 months ended 31 March	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
<b>Operating activities</b>		
Profit/(loss) before tax	211	(5)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	793	660
Depreciation of investment property	14	14
Depreciation of right-of-use assets	3,511	3,224
Write-off of property, plant and equipment	1	221
Write back of impairment loss on property, plant and equipment	(5)	(43)
Write back of impairment loss on right-of-use assets	(280)	–
Impairment of amounts due from joint venture	103	–
Finance costs	75	72
Interest on finance lease liabilities	572	664
Loss on early termination and modification of leases	66	–
Interest income	(10)	–
Currency realignment	(2)	(5)
Total adjustments	4,838	4,807
<b>Operating cash flows before changes in working capital</b>	5,049	4,802
<u>Changes in working capital</u>		
Decrease/(increase) in:		
Inventories	10	(2)
Trade and other receivables	422	463
Refundable deposits	(125)	446
Prepayments	(115)	(17)
(Decrease)/increase in:		
Trade and other payables	(621)	(1,134)
Other liabilities	(583)	(709)
Amounts due to a director	450	300
Contract liabilities	(119)	(108)
Total changes in working capital	(681)	(761)
<b>Cash flows from operations</b>	4,368	4,041
Interest received	10	–
Income taxes paid	–	(5)
<b>Net cash flows generated from operating activities</b>	4,378	4,036



**D. Condensed interim consolidated statement of cash flows (Cont'd)**

	<b>3 months ended 31 March</b>	
	<b>2023</b> \$'000 (Unaudited)	<b>2022</b> \$'000 (Unaudited)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(61)	(250)
Cash paid for restoration cost	–	(109)
<b>Net cash flows used in investing activities</b>	<b>(61)</b>	<b>(359)</b>
<b>Financing activities</b>		
Repayments of loan and borrowings	(876)	(784)
Interest paid	(75)	(72)
Lease payments	(4,387)	(4,837)
Cash restricted in use	–	(800)
<b>Net cash flows used in financing activities</b>	<b>(5,338)</b>	<b>(6,493)</b>
Net change in cash and cash equivalents	(1,021)	(2,816)
<b>Cash and cash equivalents at 1 January</b>	<b>4,190</b>	<b>6,700</b>
<b>Cash and cash equivalents at 31 March <sup>(1)</sup></b>	<b>3,169</b>	<b>3,884</b>

**Note:**

- For the purpose of presenting the consolidated interim statement of cash flows, cash and cash equivalents comprise the following:

	<b>3 months ended 31 March</b>	
	<b>2023</b> \$'000 (Unaudited)	<b>2022</b> \$'000 (Unaudited)
Cash and bank balances	4,469	5,184
Less: Bank deposits pledged	(1,300)	(1,300)
<b>Cash and cash equivalents per consolidated interim statement of cash flows</b>	<b>3,169</b>	<b>3,884</b>

Bank deposits pledged pertains to amounts earmarked by the Group's principal banker in connection with facilities granted.

**D. Condensed interim consolidated statement of cash flows (Cont'd)**

2. Property, plant and equipment

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current period additions to property, plant and equipment	61	250
Less: Provision for restoration cost	–	–
<b>Net cash outflow for purchase of property, plant and equipment</b>	<b>61</b>	<b>250</b>

## E. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

Katrina Group Ltd. (the “**Company**”) is incorporated and domiciled in Singapore and is listed on the Catalist Board of the SGX-ST. These condensed interim consolidated financial statements as at and for the three months ended 31 March 2023 (“**3M2023**”) comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) restaurants operator; and
- (b) residential real estate management.

### 2. Basis of preparation

The condensed interim financial statements for the three months ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted and methods of computations are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

#### Fundamental accounting concept

The interim financial statements of the Group have been prepared on a going concern basis notwithstanding that as at 31 March 2023, the Group’s total liabilities and current liabilities exceeded its total assets and current assets by \$5,173,000 (31 December 2022: \$5,304,000) and \$21,583,000 (31 December 2022: \$19,975,000) respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as going concern.

The directors are of the view that it is appropriate to prepare the Group’s interim financial statements on a going concern on the following bases:

- (a) the Group will be able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due;
- (b) management intends to manage cashflow of the subsidiaries on overall Group basis, where necessary;
- (c) there are no changes in the Group’s ability to request for the extension of credit terms granted by suppliers and the Group intends to adhere to the trade payables turnover days consistent with the current financial year; and
- (d) the controlling shareholder has indicated through a letter of undertaking to financially support the Group as and when required, for 15 months from 11 May 2023.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

## 2.1. New and amended standards adopted by the Group

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2022. The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2023 did not have any material financial impact on the Group's results for 3M2023.

## 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Except as disclosed in Note 9, there were no other changes in estimates applied by the Group during the financial period.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 10 – Right-of-use assets and lease liabilities

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – Right-of-use assets and lease liabilities

## 3. Seasonal operations

The Group's businesses are not subject to any seasonal fluctuations although generally we experience higher sales during festive seasons and school holidays.

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## 4. Segment and revenue information

The Group is organised into the following main business segments:

- (a) Hospitality; and
- (b) Food and beverages

### 4.1. Reportable segments

	Hospitality		Food and beverages		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1 January to 31 March</b>						
<b>(Unaudited)</b>						
<i>Revenue:</i>						
External customers	4,325	3,504	10,410	11,195	14,735	14,699
	4,325	3,504	10,410	11,195	14,735	14,699
<i>Results:</i>						
Interest income	2	–	8	–	10	–
Interest on loans and borrowings	(10)	(9)	(65)	(63)	(75)	(72)
Interest on finance lease liabilities	(300)	(367)	(272)	(297)	(572)	(664)
Income tax expense	(78)	(1)	–	(4)	(78)	(5)
Depreciation of property, plant and equipment	(219)	(205)	(574)	(455)	(793)	(660)
Depreciation of right-of-use assets	(1,232)	(1,145)	(2,279)	(2,079)	(3,511)	(3,224)
Depreciation of investment property	–	–	(14)	(14)	(14)	(14)
Impairment of amounts due from joint venture	–	–	(103)	–	(103)	–
Write-off of property, plant and equipment	–	–	(1)	(221)	(1)	(221)
Write back of impairment loss on property, plant and equipment	–	–	5	43	5	43
Write-back of impairment loss on right-of-use assets	–	–	280	–	280	–
Loss on early termination and modification of leases	–	–	66	–	66	–
Segment net profit/(loss)	676	175	(543)	(185)	133	(10)

Segment breakdown for period ended 31 March 2023 and 31 December 2022 are as follows:

	Hospitality		Food and beverages		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(Unaudited)</b>						
Segment assets:	23,326	24,786	24,838	27,254	48,164	52,040
Segment liabilities	(22,107)	(23,466)	(31,230)	(33,878)	(53,337)	(57,344)

## 4.2. Disaggregation of revenue

### *Geographical information*

The following table shows the distribution of the Group's revenue from external customers based on the location where goods are sold and services are derived:

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Singapore	14,629	14,605
Indonesia	106	94
	14,735	14,699

The following table shows the distribution of the Group's non-current assets excluding deferred tax assets based on the geographical location of customers:

	<b>31</b>	<b>31</b>
	<b>March</b>	<b>December</b>
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Singapore	35,889	38,401
Indonesia	138	186
	36,027	38,587

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, and investment properties presented in the condensed statement of financial position.

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## 5. Profit/(loss) before taxation

### 5.1. Significant items

The Group's profit/(loss) before tax was arrived after crediting/(charging) the following:

	3 months ended 31 March	
	2023	2022
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<b>Income</b>		
Government grants <sup>1</sup>	519	462
Rental rebates <sup>2</sup>	6	298
<b>Expenses</b>		
Commission fees	(421)	(522)
Contingent rental leases on operating leases	(176)	(83)
Depreciation of property, plant and equipment	(793)	(660)
Depreciation of investment property	(14)	(14)
Depreciation of right-of-use assets <sup>3</sup>	(3,511)	(3,224)
Employee benefits	(4,827)	(4,817)
Fixed rental expense on operating leases	(27)	(552)
Foreign exchange gain	2	2
Interest on bank loan	(75)	(72)
Interest on finance lease liabilities <sup>4</sup>	(572)	(664)
Loss on early termination and modification of leases	(66)	–
Write-off of property, plant and equipment	(1)	(221)
Write back of impairment loss on property, plant and equipment	5	43
Write back of impairment loss on right-of-use assets	280	–

#### Notes:

- 1 Government grants refer mainly to the Jobs Support Scheme, Wage Credit Scheme and Cash Grants.
- 2 Rental rebates refer to rental support or assistance disbursed from Landlords and government.
- 3 Depreciation of right-of-use assets relates to leases where the Group is lessee which are capitalised as right-of-use assets following the adoption of SFRS(I) 16 Leases.
- 4 Interest on finance lease liabilities relates to interest expense from unwinding of lease liabilities arising from adoption of SFRS(I)16 Leases.

### 5.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the unaudited financial statements.

## 6. Income tax

The major components of income tax expense for the 3 months ended 31 March 2023 and 2022 are:

	<b>3 months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<i>Consolidated statement of comprehensive income:</i>		
<u>Current income tax</u>		
- Under provision in respect of previous years	78	5
Income tax expense recognised in the consolidated statement of comprehensive income	78	5

## 7. Profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit/(loss) and shares data used in the computation of basic and diluted profit/(loss) per share for the 3 months ended 31 March 2023 and 2022:

	<b>3 months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	133	(10)
	<b>Number of ordinary shares</b>	
Weighted average number of ordinary shares for basic and diluted loss per share computation	232,481,008	232,363,675
Profit/(loss) per share (cents)	0.06	0.00

The basic and diluted EPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.



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## 8. Net Asset Value

	Group		Company	
	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Net asset value ("NAV") (\$'000)	(5,173)	(5,304)	10,588	10,543
Number of ordinary shares	232,481,008	232,481,008	232,481,008	232,481,008
NAV per ordinary share (cents)	(2.23)	(2.29)	4.55	4.53

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## 9. Property, plant and equipment

Group (Unaudited)	Computers \$'000	Furniture and fittings \$'000	Kitchen and restaurant equipment \$'000	Motor vehicle \$'000	Office equipment \$'000	Renovation \$'000	Construction in progress \$'000	Total \$'000
<b>Cost:</b>								
At 1 January 2022	1,841	3,144	3,610	148	32	16,766	6	25,547
Additions	74	13	45	–	2	283	–	417
Reclassification	–	2	–	–	–	(2)	(6)	(6)
Written-off	(69)	(309)	(236)	–	(2)	(2,249)	–	(2,865)
Currency realignment	(2)	(23)	(12)	–	–	(1)	–	(38)
At 31 December 2022 and 1 January 2023	1,844	2,827	3,407	148	32	14,797	–	23,055
Additions	19	1	17	–	–	–	24	61
Disposal	(1)	(1)	–	–	–	–	–	(2)
Written-off	–	–	(3)	–	–	(241)	–	(244)
Currency realignment	–	7	4	–	–	–	–	11
At 31 March 2023	1,862	2,834	3,425	148	32	14,556	24	22,881
<b>Accumulated depreciation:</b>								
At 1 January 2022	1,617	2,175	2,981	110	25	12,278	–	19,186
Charge for the year	146	410	344	17	4	1,140	–	2,061
Written-off	(69)	(236)	(200)	–	(2)	(1,923)	–	(2,430)
Reclassification	–	2	–	–	–	(2)	–	–
Write-back of impairment loss	–	–	–	–	–	(711)	–	(711)
Currency realignment	(1)	(20)	(12)	–	–	–	–	(33)
At 31 December 2022 and 1 January 2023	1,693	2,331	3,113	127	27	10,782	–	18,073
Charge for the year	23	72	52	5	1	640	–	793
Written-off	–	–	(3)	–	–	(240)	–	(243)
Disposal	(1)	(1)	–	–	–	–	–	(2)
Write-back of impairment loss	–	–	–	–	–	(5)	–	(5)
Currency realignment	–	6	3	–	–	–	–	9
At 31 March 2023	1,715	2,408	3,165	132	28	11,177	–	18,625

## 9. Property, plant and equipment (Cont'd)

Group (Unaudited)	Computers \$'000	Furniture and fittings \$'000	Kitchen and restaurant equipment \$'000	Motor vehicle \$'000	Office equipment \$'000	Renovation \$'000	Construction in progress \$'000	Total \$'000
<b>Net carrying amount:</b>								
At 31 March 2023	147	426	260	16	4	3,379	24	4,256
At 31 December 2022	151	496	294	21	5	4,015	–	4,982

### Change in estimates

During the financial period, the Group conducted an operational review on the useful lives of its renovation for the F&B segment. The Group revised the estimated depreciation rate of the renovation for the F&B segment by applying an estimated useful life of 3 years (previously 5 years) and revising the residual values of the renovation for the F&B segment. The revision in estimate was applied on a prospective basis from 1 January 2023. The effect of the above revision on depreciation charge in current to 2025 is as shown below.

	2023 \$'000	2024 \$'000	2025 \$'000
Increase/(decrease) in depreciation expenses	229	(124)	(114)

## 10. Right-of-use assets and lease liabilities

### Group as a lessee

The Group has lease contracts for restaurant premises and residential apartments/co-living premises used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group (Unaudited)	Residential apartments and co-living		Total \$'000
	Restaurant premises \$'000	hotels \$'000	
At 1 January 2022	14,941	18,362	33,303
Additions	–	1,788	1,788
(Impairment charge)/write back of impairment loss	(514)	644	130
Charge for the year	(8,932)	(4,385)	(13,317)
Early termination of leases	(112)	(143)	(255)
Lease modifications	11,042	133	11,175
Currency realignment	(21)	–	(21)
At 31 December 2022 and 1 January 2023	16,404	16,399	32,803
Additions	1,093	87	1,180
Write back of impairment loss	280	–	280
Charge for the period	(2,279)	(1,232)	(3,511)
Lease modifications	(66)	292	226
Currency realignment	5	–	5
At 31 March 2023	15,437	15,546	30,983

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	31	
	March 2023 \$'000 (Unaudited)	31 December 2022 \$'000 (Audited)
At 1 January	39,476	42,937
Additions	1,180	1,756
Accretion of interest	572	2,620
Payments	(4,387)	(18,485)
Early termination of leases	–	(279)
Lease modifications	292	10,953
Currency realignment	7	(26)
At 31 March / 31 December	37,140	39,476
Current	14,363	14,430
Non-current	22,777	25,046
At 31 March / 31 December	37,140	39,476

## 10. Right-of-use assets and lease liabilities (Cont'd)

During the financial period ended 31 March 2023, the Group had early terminated/extended various leases as a result of portfolio management. Consequent to the early termination/extension, the difference between the carrying value of right-of-use assets and the corresponding lease liabilities amounting to \$66,000 (31 December 2022: \$246,000) was recorded within the "Other income" in the consolidated statements of comprehensive income.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

## 11. Provision

Provision for restoration costs refer to the estimated cost to reinstate the leased restaurant premises and certain residential apartment to their original state upon the expiration of the lease terms.

*Movements in provision for restoration costs:*

	<b>31 March 2023</b>	<b>31 December 2022</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
At 1 January	1,054	1,264
Reversal	–	(34)
Utilisation	(63)	(178)
Discount rate adjustment	–	2
At 31 March / 31 December	991	1,054
Current	312	312
Non-current	679	742
At 31 March / 31 December	991	1,054

## 12. Loans and borrowings

	<b>31 March 2023</b>	<b>31 December 2022</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Amount repayable in one year or less, or on demand	4,146	4,704
Amount repayable after one year	1,622*	1,940
At 31 March / 31 December	<u>5,768</u>	<u>6,644</u>

There are no unsecured loans and borrowings as at 31 March 2023 and 31 December 2022.

### Details of any collateral:

- 1) The Group's borrowings of \$1.2 million repayable in one year or less, or on demand are secured by continuing guarantees by the Company, mortgage of the investment property and assignment of rental proceeds relating to the investment property. The investment property is located at 1 Sims Lane #05-05 Singapore 387355.
- 2) The remaining bank borrowings of \$2.9 million repayable in one year or less, or on demand, and \$1.6 million repayable after one year are secured by continuing guarantees by the Company and certain subsidiaries.

\* The Group's subsidiaries bank loans are subject to covenant clauses, whereby the Group's subsidiaries are required to meet certain key financial ratios. The Group's subsidiaries did not fulfil the adjusted tangible net worth, debt service ratio and gearing ratio as required in the loan agreements. As at 31 March 2023, we did not request for the waiver from the bank and have reclassified these bank loans to current in the Condensed interim statements of financial position.

## 13. Share capital

	<b>31 March 2023</b>		<b>31 December 2022</b>	
	No. of shares		No. of shares	
	'000 (Unaudited)	\$'000 (Unaudited)	'000 (Audited)	\$'000 (Audited)
Issued and fully paid ordinary shares				
At 1 January	232,481	8,283	231,521	8,192
Issuance of new shares arising from performance share plan <sup>1</sup>	–	–	960	91
At 31 March / 31 December	<u>232,481</u>	<u>8,283</u>	<u>232,481</u>	<u>8,283</u>

Save for the above, there are no other changes in the issuer's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

The Company did not have any outstanding options or convertible instruments as at 31 March 2023, 31 December 2022 and 31 March 2022.

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2023, 31 December 2022 and 31 March 2022.

<sup>1</sup> Announcement dated 12 January 2022.

## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Katrina Group Ltd. and its subsidiaries as at 31 March 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

### 2. Review of performance of the Group

#### REVIEW OF FINANCIAL PERFORMANCE

For management reporting purposes, the Group is organised into business segments based on its services, and has two reportable operating segments as follows:

i. "Food and Beverage (**F&B**) business" – specialises in multi-cuisine concepts and restaurant operations.

The Group has 27 restaurants (31 December 2022: 30) in Singapore and 1 restaurant (31 December 2022: 1) in Indonesia under 5 different F&B brands (31 December 2022: 5).

ii. "Hospitality business" – offers fully furnished corporate serviced apartments under the brand of ST Residences; affordable luxurious co-living hotel under ST Signature and provides one-stop domestic household cleaning services under SO Services Pte. Ltd..

The Group had approximately 62 units of service apartment (31 December 2022: 67), 1 block of service apartments (31 December 2022: 1) and 4 co-living hotels (31 December 2022: 4).

#### Revenue

The Group's revenue for the period ended 31 March 2023 was \$14.7 million, a decrease of \$36,000 or 0.2% as compared to the revenue for the period ended 31 March 2022 ("**3M2022**").

Revenue for the Group F&B decreased by \$0.8 million or 7.0% from \$11.2 million in 3M2022 to \$10.4 million in 3M2023. This was mainly attributed to the closure of 3 outlets for the period under review, as well as the increased competition in the F&B scene as more new brands/concepts appeared in the market with the segment reviving after the lifting of the Covid-19 restriction.

Revenue for Group Hospitality increased by \$0.8 million or 23.4% from \$3.5 million in 3M2022 to \$4.3 million in 3M2023. The increase was due to the reopening of borders from 1 April 2022, and the start of operations for ST Residences Balestier, a 20 units property in August 2022. ST Residences Balestier contributed to \$0.2 million revenue for 3M2023.



## Cost of sales

Cost of sales mainly comprises food and beverages cost, payroll cost, depreciation of property, plant and equipment, depreciation of right of-use assets, rental expense of premises and utilities expenses for both restaurants' outlets and residential apartments/co-living premises and other restaurant support costs.

The Group's cost of sales increased by \$0.1 million or 0.8% from \$12.9 million in 3M2022 to \$13.0 million in 3M2023.

Cost of sales for Group F&B decreased by \$0.3 million or 2.2% from \$10.3 million in 3M2022 to \$10.0 million in 3M2023 largely attributable to the decrease in :

- (a) food costs of \$0.1 million, which is in line with the decrease in revenue;
- (b) rental expenses as a result of SFRS(I) 16 by \$0.2 million;
- (c) online platform commission of \$0.1 million, which is in line with the decrease in online revenue;
- (d) repair and maintenance cost of \$0.1 million.

This was offset by the increase in depreciation of property, plant and equipment and right-of-use assets of \$0.1 million and \$0.2 million respectively. Depreciation of property, plant and equipment had increased largely due to the change in useful life for renovation for the F&B segment as disclosed in note 9. Depreciation for right-of-use assets had increased as a number of leases had been renewed in FY2022 at higher rental rates and less impairment had been made in FY2022.

Cost of sales for Group Hospitality increased by \$0.4 million or 12.3% from \$2.6 million in 3M2022 to \$3.0 million in 3M2023. The increase was largely due to the increase in (a) staff cost of \$0.2 million, (b) agent commission of \$0.1 million, (c) depreciation for right of use assets of \$0.1 million.

## Gross profit

The Group recorded a gross profit of \$1.7 million for 3M2023 compared to a gross profit of \$1.8 million for 3M2022. Group F&B reported a gross profit of \$0.3 million and Group Hospitality reported a gross profit of \$1.4 million for 3M2023.

## Other income

Other income mainly relates to the government grants, which include Jobs Support Scheme ("JSS"), Wage Credit Scheme ("WCS"), as well as the rental rebates under the Rental Relief Framework legislated by the government under the Covid-19 (Temporary Measures) Act 2020.

Other income decreased by \$0.2 million or 24.6% from \$0.8 million in 3M2022 to \$0.6 million in 3M2023, which is largely due to the reduction in rental rebates. In addition, the reduction of grant income from JSS, which had ended, of \$0.4 million was offset by the increase of grant income from WCS of \$0.4 million.

## Selling and distribution costs

The selling and distribution costs decreased slightly by approximately \$69,000 or 30.9% to \$0.2 million in 3M2023.

The decrease from 3M2022 to 3M2023 was largely due to the decrease in marketing, advertising and promotion cost of approximately \$53,000 as the Group did not conduct many marketing promotions during the period under review as the business recovers.

## **Administrative expenses**

Administrative expenses decreased slightly by approximately \$39,000 or 2.6% to \$1.4 million in 3M2023.

The decrease in administrative expenses was due to (a) decrease in payroll and related expenses of approximately \$124,000, offset by the increase in professional fees of approximately \$87,000, which was largely due to accruals made for the legal fees to be incurred for the URA Investigation.

## **Finance costs**

Finance costs decreased by \$0.1 million or 12.0% from \$0.7 million in 3M2022 to \$0.6 million in 3M2023. The decrease was mainly related to the decrease in loan interest, which is in line with the reduction in the principal amount.

## **Other gains/(expenses)**

The Group recorded other gains of approximately \$0.1 million in 3M2023 vis-à-vis other expenses of \$0.2 million in 3M2022.

Other gains in 3M2023 related to the write back of impairment loss on right-of-use assets of \$280,000, offset by the impairment of amount due from joint venture of \$103,000 and loss on early termination and modification of leases of \$65,000.

## **Profit/(loss) for the period, representing profit/(loss) for the period attributable to owners of the Company**

As a result of the aforementioned, the Group reported a net profit after tax of \$133,000 in 3M2023 vis-à-vis a net loss after tax of \$10,000 in 3M2022.

## REVIEW OF FINANCIAL POSITION

### Non-current assets

The Group's non-current assets decreased by approximately \$2.6 million from \$42.6 million as at 31 December 2022 to \$40.0 million as at 31 March 2023.

This was mainly due to:

- (a) a decrease in property, plant and equipment of \$0.7 million largely as a result of the depreciation of \$0.8 million, mitigated by the acquisition of property, plant and equipment of \$61,000; and
- (b) a decrease in right-of-use assets of \$1.8 million largely due to the depreciation of \$3.5 million, offset by the additions of \$1.2 million, write back of impairment loss of \$0.3 million and lease modification of \$0.2 million.

### Current assets

The Group's current assets decreased by approximately \$1.4 million from \$9.5 million as at 31 December 2022 to \$8.1 million as at 31 March 2023.

This was largely due to (a) a decrease in cash and cash equivalents of \$1.0 million; and (b) a decrease in trade receivables of \$0.4 million due to tighter credit control.

### Current liabilities

The Group's current liabilities increased by approximately \$0.3 million from \$29.4 million as at 31 December 2022 to \$29.7 million as at 31 March 2023.

The increase was mainly due to (a) an increase in loans and borrowings (current) of \$1.1 million and (b) an increase in income tax payable of \$0.1 million, offset by (c) a decrease in trade and other payables of \$0.1 million, (d) a decrease in other liabilities of \$0.6 million and (e) a decrease in contract liabilities of \$0.1 million.

Trade and other payables had decreased due to (a) reduction in trade and other creditors of \$0.5 million, (b) reduction in GST payable of \$0.1 million, offset by the increase in amount due to a director of \$0.5 million. Amount due to a director had increased due to the working capital requirement. Please refer to section 7 Other transactions by the Executive Directors for more information.

Other liabilities had decreased due to the reduction in accrued bonus as majority of the accrued bonus had been paid subsequent to 31 December 2022.

Contract liabilities primarily relate to the Group's obligation to transfer goods and services to customers for which the Group has received advances from customers, primarily for the hospitality segment. This has decreased due to less advances received from customers during the period ended 31 March 2023.

Please refer to explanation in Non-current liabilities for the analysis on the movement in lease liabilities (current) and loans and borrowings (current).

## Non-current liabilities

The Group's non-current liabilities decreased by \$4.3 million from \$27.9 million as at 31 December 2022 to \$23.6 million as at 31 March 2023.

This was mainly due to (a) the decrease in loans and borrowings (non-current) of \$1.9 million; and (b) the decrease in lease liabilities (non-current) of \$2.3 million.

Loans and borrowings (non-current) have been reclassified to current liabilities as some of the loans and borrowings and provision have a maturity of less than 12 months. Furthermore, the Group has decided not to obtain waiver from the banker for the breach of bank covenants for interim reporting purpose, and hence has reclassified \$1.6 million of loans and borrowings from non-current to current. We will apply for the waiver as at year end. Overall, loans and borrowings had decreased by \$0.9 million as a result of repayments made during the period under review.

Overall, lease liabilities had decreased by \$2.3 million, largely due to the lease payments of \$4.4 million, offset by the addition of new lease liabilities of \$1.2 million, accretion of interest of \$0.6 million and lease modification of \$0.3 million during the period under review.

## Shareholders' equity

The Group's shareholders' equity increased by \$0.1 million from negative \$5.3 million as at 31 December 2022 to negative \$5.2 million as at 31 March 2023. The increase resulted from the net profit generated during the period.

## Negative working capital

As at 31 March 2023, the Group was in a negative working capital position of \$21.6 million (31 December 2022: \$20.0 million). The management has prepared cash flow forecasts which was derived from the financial budget to assess whether the Group can meet its debt obligations as and when they fall due.

The Board of Directors of the Company ("**Board**") noted that a controlling shareholder had provided a letter of undertaking to provide the financial support to the Group, as and when required, for 15 months from 11 May 2023 to enable the Group to meet its liabilities as and when the Group is unable to meet such liabilities. Also, the Group would continue to implement various strategic measures to contain cost and preserve cash liquidity.

## REVIEW OF CASH FLOWS

The Group's cash flows from operations for 3M2023 was \$4.4 million. This was mainly due to operating cash flows before changes in working capital of \$5.0 million and working capital outflow of approximately \$0.7 million.

Net cash used in investing activities amounted to \$61,000 mainly arising from the purchase of plant and equipment for F&B segment.

Net cash used in financing activities of \$5.3 million was mainly due to the principal payment of lease payments of \$4.4 million, repayment of loan and borrowings and interest of \$0.9 million.

The cash and cash equivalents for the period decreased by \$1.0 million compared to 31 December 2022.

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

While the F&B industry in Singapore sees a slight improvement on a yearly basis<sup>2</sup>, macroeconomic conditions continue to affect the Group's performance. Various factors such as rising operating costs and price competition also exert downward pressure on the F&B industry at large.

For our F&B business segment, we will continue to make conscious and constant efforts to anticipate, adjust and adapt to the ever-changing consumer needs by rejuvenating our current brands and seeking new franchise opportunities. We will be opening a new So Pho outlet at the new Woodleigh Mall, as well as launch a new Mexican brand, Sanchos, by converting one of our outlets at Clarke Quay. We will also be revamping the menu and concept of our Tomo outlet at Clarke Quay. These outlets will progressively open in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of FY2023.

For the Hospitality business segment, the bullish forecast from the Singapore Tourism Board, who predicted that international visitor arrivals to Singapore are expected to hit 12 million to 14 million in 2023, with full tourism recovery expected by 2024<sup>3</sup>, bodes well for our hotels and service apartments.

In relation to the URA Investigation, the Investigation is still ongoing and no charges have been filed against the Group nor any of the Relevant Persons.<sup>4</sup> The Group is cooperating with the Investigation and will make further announcement(s) as and when there are material developments on this matter.

**5. Dividend information**

No dividend has been declared to conserve cash for operational purposes.

**6. Interested persons transactions**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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<sup>2</sup> <https://www.singstat.gov.sg/-/media/files/news/mrsfeb2023.ashx>

<sup>3</sup> <https://www.straitstimes.com/singapore/consumer/s-pore-s-2023-visitor-arrivals-to-double-to-12-14m-full-tourism-recovery-expected-by-2024-stb>

<sup>4</sup> All capitalised terms used in this paragraph shall bear the same meanings in the Company's announcements dated 22 June 2022 and 25 June 2022

## 7. Other transactions by the Executive Directors

The following are balances as at 31 March 2023 with the Executive Directors:

	<u>(\$'000)</u>
Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah providing indemnity to the insurers to issue letters of guarantee in lieu of security bonds to the Ministry of Manpower for engagement of foreign workers <sup>1</sup>	200
Alan Goh Keng Chian, who is also the controlling shareholder, has provided a letter of undertaking to financially support the Group as and when required <sup>2</sup>	<u>1,056</u>

Notes:

<sup>1</sup> The Executive Directors are not paid for providing the indemnity.

<sup>2</sup> Amount is non-interest bearing.

## 8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of Section B of the SGX-ST Listing Manual.

## 9. Negative Confirmation Pursuant to Rule 705(5)

We, Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company (“the **Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the three months ended 31 March 2023 to be false or misleading in any material aspect.

### On behalf of the Board

Alan Goh Keng Chian  
Executive Chairman and CEO

Madaline Catherine Tan Kim Wah  
Executive Director

15 May 2023